

**CITY OF PARIS, TENNESSEE**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**JUNE 30, 2015**

# CITY OF PARIS, TENNESSEE

## TABLE OF CONTENTS

### INTRODUCTORY SECTION

Directory .....	1
-----------------	---

### FINANCIAL SECTION

Independent Auditor's Report .....	2
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	12
Statement of Activities .....	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Statement of Net Position - Proprietary Funds .....	19
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds .....	21
Statement of Cash Flows - Proprietary Funds .....	22
Statement of Fiduciary Net Position - Fiduciary Funds .....	24
Statement of Changes in Fiduciary Net Position - Fiduciary Funds .....	25
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund .....	26
Notes to the Financial Statements .....	39
Required Supplementary Information:	
Schedules Relating to Pensions .....	71
Schedule of Funding Progress - Post Employment Healthcare Plan .....	77

### SUPPLEMENTARY AND OTHER INFORMATION SECTION

Combining Balance Sheet – Nonmajor Governmental Funds .....	78
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds .....	79
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Drug Fund .....	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances Capital Projects Funds .....	81
Combining Statement of Net Position - Nonmajor Proprietary Funds .....	82
Combining Statement of Revenues, Expenses, and Changes in Net Position – Nonmajor Proprietary Funds .....	83
Combining Statement of Cash Flows - Nonmajor Proprietary Funds .....	85
Schedule of Investments .....	86
Schedule of Changes in Property Taxes Receivable .....	87
Electric Rates in Force .....	88
Water Rates in Force .....	89
Sewer Rates in Force .....	90

**CITY OF PARIS, TENNESSEE  
TABLE OF CONTENTS**

Schedule of Principal and Interest Requirements - General Obligation Debt ..... 91

Schedule of Principal and Interest Requirements - Proprietary ..... 92

Schedule of Unaccounted for Water - Unaudited..... 93

Schedule of Expenditures of Federal Awards and State Financial Assistance ..... 95

**INTERNAL CONTROL AND COMPLIANCE SECTION**

Independent Auditor’s Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards* ..... 96

Schedule of Findings and Recommendation – Current Year ..... 98

Schedule of Prior Year Findings and Recommendations ..... 99

## **INTRODUCTORY SECTION**

**CITY OF PARIS, TENNESSEE**  
**DIRECTORY**  
June 30, 2015

**ELECTED OFFICIALS**

Carlton Gerrell, Mayor Gayle  
Griffith, Vice-Mayor Terry  
Fuller, Commissioner Sam  
Tharpe, Commissioner  
Jackie Jones, Commissioner

**APPOINTED OFFICIALS**

Kim Foster, City Manager  
Traci Pillow, Finance Director, CMFO  
Charles Elizondo, Police Chief  
Michael Williams, Sr., Fire Chief  
Tony Lawrence, Parks and Recreation Director  
Phillip Jessie, Streets and Sanitation Director

**COUNSEL**

Fred N. McLean  
Paris, Tennessee

**INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

Alexander Thompson Arnold PLLC  
Jackson, Tennessee

## **FINANCIAL SECTION**

**Members of:**

American Institute of Certified Public Accountants  
AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants



Certified Public Accountants  
**Offices in Tennessee & Kentucky**

227 Oil Well Rd.  
Jackson, TN 38305

Phone 731.427.8571  
Fax 731.424.5701  
[www.atacpa.net](http://www.atacpa.net)

## **Independent Auditor's Report**

Honorable Carlton Gerrell, Mayor  
Members of the City Commission  
City of Paris, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Paris, Tennessee (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the Table of Contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Paris, Tennessee, as of June 30, 2015, and respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year ended in accordance with accounting principles generally accepted in the United States of America.

### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2015 the City adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment to GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11 and the schedules relating to pensions and the schedule of funding progress - post employment healthcare plan on pages 71 through 77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements. The accompanying introductory section and the financial information listed in the table of contents as supplementary and other information, including the schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*, are presented for the purpose of additional analysis and are not a required part of the financial statements.

The supplementary and other information, except that which is marked unaudited, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and



other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and other information, except that which is marked unaudited, is fairly stated in all material respects in relation to the financial statements taken as a whole.

The introductory section and supplementary and other information, which has been marked unaudited, has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015 on our consideration of the City of Paris' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Paris' internal control over financial reporting and compliance.

A handwritten signature in dark ink that reads "Alexander Thompson Arnold PLLC". The signature is written in a cursive, flowing style.

Jackson, Tennessee  
December 18, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Paris, Tennessee we offer readers of the City of Paris' financial statements this narrative overview and analysis of the financial activities of the City of Paris for the fiscal year ended June 30, 2015. Comparative analyses of key elements of total governmental funds and total enterprise funds have been provided. The implementation of Governmental Accounting Standards Board (GASB) Statements No. 68 and 71, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*, causes some financial information reported in the MD&A for 2015 and 2014 not to be comparable.

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Paris exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$54.64 million (*net position*). Of this amount, \$(2.07) million (*unrestricted net position*) is considered to be a deficit in net position due in part to the implementation of GASB Statements No. 68 and 71.
- As of the close of the current fiscal year, the City of Paris' general fund reported an ending fund balance of \$1.08 million, a decrease of \$153 thousand in comparison with the prior year. Of the total fund balance, \$673 thousand is available for spending at the City of Paris' discretion (*unassigned fund balance*).
- The City of Paris' total debt obligations decreased by \$1.69 million during the year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Paris' basic financial statements. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements and
3. Notes to the financial statements.

This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements themselves.

#### Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Paris' finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the City of Paris' assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Paris is improving or deteriorating.
- The Statement of Activities presents information showing how the City of Paris' net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the City of Paris that are principally supported by taxes and intergovernmental revenues (governmental activities) from other

## MANAGEMENT'S DISCUSSION AND ANALYSIS

functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Paris include general government, fiscal administration, law enforcement, fire prevention and control, regulation and inspection, public works, highways and streets, and recreational and cultural. The business-type activities of the City of Paris include the Board of Public Utilities, solid waste collection, the Paris-Henry County Landfill, the USDA Revolving Loan fund, and the blended component unit Paris Housing Corporation. The government-wide financial statements can be found on pages 12 to 14 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Paris, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Paris can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Paris' near-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 15 to 18 of this report.

Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City of Paris adopts an annual appropriated budget for each governmental fund, except for the capital projects funds. Budgetary comparison statements have been provided as part of the basic financial statements on pages 26 to 38 of this report, for the general fund to demonstrate compliance with the budget.

**Proprietary funds** – There are two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Paris uses enterprise funds to account for the Board of Public Utilities Electric, Water and Sewer Divisions, Solid Waste Collection, the Paris-Henry County Landfill, the USDA Revolving Loan, and the blended component unit of the Paris Housing Corporation.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City of Paris currently has no internal service funds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Board of Public Utilities Electric, Water and Sewer Divisions which are considered to be major funds of the City of Paris. Data from the other enterprise funds are combined into a single, aggregated presentation. The basic proprietary fund financial statements can be found on pages 19 to 23 of this report.

***Fiduciary funds*** – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City of Paris' own programs. Fiduciary funds reported include the Cemetery Trust Fund, Paris Board of Public Utilities Trust, Inc., and the Deferred Compensation Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. Individual fund data for the fiduciary funds is provided in the form of combining statements which can be found on pages 24 to 25 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39 to 70 of this report.

### **Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Paris' and the System's pension related schedules and the schedule of funding progress for their respective OPEB plan.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Position** - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Paris, assets exceeded liabilities by \$54.64 million at the close of the most recent fiscal year. The largest portion of the City's net position, 89.55%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Paris uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Paris' investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Paris, Tennessee - Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 2,711,523	\$ 2,937,596	\$ 23,421,847	\$ 24,672,446	\$ 26,133,370	\$ 27,610,042
Capital assets	12,091,918	12,349,798	55,630,198	51,866,166	67,722,116	64,215,964
Total assets	<u>14,803,441</u>	<u>15,287,394</u>	<u>79,052,045</u>	<u>76,538,612</u>	<u>93,855,486</u>	<u>91,826,006</u>
Deferred outflows of resources	<u>452,591</u>	<u>-</u>	<u>1,697,034</u>	<u>-</u>	<u>2,149,625</u>	<u>-</u>
Long-term liabilities	4,038,255	3,501,653	23,203,141	17,567,642	27,241,396	21,069,295
Other liabilities	293,410	122,800	10,373,112	7,530,690	10,666,522	7,653,490
Total liabilities	<u>4,331,665</u>	<u>3,624,453</u>	<u>33,576,253</u>	<u>25,098,332</u>	<u>37,907,918</u>	<u>28,722,785</u>
Deferred inflows of resources	<u>2,674,932</u>	<u>1,286,301</u>	<u>781,880</u>	<u>-</u>	<u>3,456,812</u>	<u>1,286,301</u>
Net position:						
Net investment in capital assets	8,367,930	9,149,827	40,564,027	35,168,354	48,931,957	44,318,181
Restricted	461,939	570,840	7,318,221	10,898,483	7,780,160	11,469,323
Unrestricted	<u>(580,434)</u>	<u>655,973</u>	<u>(1,491,302)</u>	<u>5,373,443</u>	<u>(2,071,736)</u>	<u>6,029,416</u>
Total net position	<u>\$ 8,249,435</u>	<u>\$ 10,376,640</u>	<u>\$ 46,390,946</u>	<u>\$ 51,440,280</u>	<u>\$ 54,640,381</u>	<u>\$ 61,816,920</u>

An additional portion of the City of Paris' net position, 14.24%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position, (3.79%), is considered to be a deficit in net position due in part to the implementation of GASB Statements No. 68 and 71.

**Statement of Activities** – Expenses in governmental activities exceeded program revenues by \$8.08 million. In the business-type activities, program revenues exceeded expenses by \$2.53 million. General government revenues and expenses of \$7.48 million and transfers in of \$697 thousand helped offset the deficit, leaving a net increase of \$98 thousand. Other business type revenues and expenses of \$133 thousand and transfers out of \$581 thousand left a change in net position of \$2.08 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### City of Paris, Tennessee - Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	\$ 767,316	\$ 765,762	\$52,058,346	\$52,073,061	\$52,825,662	\$52,838,823
Operating grants and contributions	676,804	823,091	-	50,000	676,804	873,091
Capital grants and contributions	474,160	447,392	395,412	8,777	869,572	456,169
General revenues:						
Property taxes	1,286,213	1,324,683	-	-	1,286,213	1,324,683
Other taxes	6,009,447	5,532,611	-	-	6,009,447	5,532,611
Other sources	184,499	58,879	133,300	157,066	317,799	215,945
Total revenues	<u>9,398,439</u>	<u>8,952,418</u>	<u>52,587,058</u>	<u>52,288,904</u>	<u>61,985,497</u>	<u>61,241,322</u>
Expenses:						
General government	1,973,706	1,988,244	-	-	1,973,706	1,988,244
Public safety	3,639,790	3,784,595	-	-	3,639,790	3,784,595
Public works	1,980,282	1,927,984	-	-	1,980,282	1,927,984
Health, culture, welfare, and recreation	1,561,795	1,570,453	-	-	1,561,795	1,570,453
Community development	812,459	1,766,918	-	-	812,459	1,766,918
Debt service	29,941	59,268	-	-	29,941	59,268
Electric	-	-	44,935,197	45,109,040	44,935,197	45,109,040
Water	-	-	1,805,564	1,787,665	1,805,564	1,787,665
Sewer	-	-	1,812,153	1,848,692	1,812,153	1,848,692
Refuse collection	-	-	1,053,731	1,114,553	1,053,731	1,114,553
Landfill	-	-	312,716	332,928	312,716	332,928
Paris Housing Corp	-	-	1,464	2,483	1,464	2,483
Other uses	-	-	-	170,545	-	170,545
Total expenses	<u>9,997,973</u>	<u>11,097,462</u>	<u>49,920,825</u>	<u>50,365,906</u>	<u>59,918,798</u>	<u>61,463,368</u>
Increase (decrease) in net position before transfers	(599,534)	(2,145,044)	2,666,233	1,922,998	2,066,699	(222,046)
Transfers	<u>697,382</u>	<u>668,836</u>	<u>(581,482)</u>	<u>(668,836)</u>	<u>115,900</u>	<u>-</u>
Increase (decrease) in net position	97,848	(1,476,208)	2,084,751	1,254,162	2,182,599	(222,046)
Net position - beginning	10,376,640	13,532,438	51,440,280	50,186,118	61,816,920	63,718,556
Prior period adjustment	(152,021)	(1,679,590)	71,773	-	(80,248)	(1,679,590)
Restatement - GASB 68 and 71 implementation	<u>(2,073,032)</u>	<u>-</u>	<u>(7,205,858)</u>	<u>-</u>	<u>(9,278,890)</u>	<u>-</u>
Net position - beginning - restated	<u>8,151,587</u>	<u>11,852,848</u>	<u>44,306,195</u>	<u>50,186,118</u>	<u>52,457,782</u>	<u>62,038,966</u>
Net position - ending	<u>\$ 8,249,435</u>	<u>\$10,376,640</u>	<u>\$46,390,946</u>	<u>\$51,440,280</u>	<u>\$54,640,381</u>	<u>\$61,816,920</u>

### COMMENTS ON FUND FINANCIAL STATEMENTS

As noted earlier, the City of Paris uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**Governmental funds** – The focus of the City of Paris' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund accounts for more than 99.52% of governmental fund revenues. Accordingly, this discussion will focus on the general fund. General fund balance was \$1.08 million at the end of the current fiscal year. Of that balance, \$673 thousand is available to meet the day-to-day needs of the City.

Revenues and other financing sources in the general fund were down from last year by approximately \$5.86 million. The most significant changes in revenues and other financing sources in the general fund were:

- Sale of capital assets decreased by \$6.19 million due to Bethel University paying off its lease in full and purchasing the Bethel/HCMC property during the prior fiscal year.

All other revenues were within reasonable variances from last year. A budget comparison statement has been provided to demonstrate compliance with the budget.

**Proprietary funds** – The City of Paris' proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of proprietary funds at the end of the year amounted to \$(1.49) million. The total decrease in net position for these funds was \$5.05 million due in part to the implementation of GASB Statements No. 68 and 71.

### GENERAL FUND BUDGETARY HIGHLIGHTS

#### *Final Budgeted and Actual Amounts*

Actual revenues and other financing sources were less than the final budgeted amounts by \$108 thousand. No significant variances were noted.

Expenditures were less than the budgeted amounts, coming in at \$141 thousand below the budget. Significant variances were:

- Expenditures related to CDBG housing rehabilitations were budgeted at \$400 thousand, but only \$328 thousand was spent.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets** - At the end of fiscal year 2015, the City had invested \$67.72 million net of accumulated depreciation in a variety of capital assets and infrastructure. Infrastructure was valued at \$2.82 million net of accumulated depreciation. Assets accounted for under this approach include approximately 96 miles of streets that the City of Paris is responsible for maintaining.

**Long-term debt** – At the end of the current fiscal year, the City of Paris had total bonded debt outstanding of \$12.46 million, secured solely by specified revenue sources (i.e., revenue bonds). At the end of the current fiscal year, the City of Paris had total capital outlay notes outstanding of \$5.94 million. Additional information on the City of Paris' long-term debt can be found in Note 4E beginning on page 53 of this report.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

- The unemployment rate for Henry County is currently 7.10%. The state's average unemployment rate is 5.70%. The national average is 5.3%. All figures are from the Bureau of Labor Statistics released in June 2015.
- As proposed for fiscal year 2016, rate increases or decreases will be made as reflected by TVA's monthly fuel cost adjustments which are revenue neutral to the System. This rate is set by the supplier and passed on to the customer. Water rates are expected to slightly increase in the next year. Sewer rates are expected to remain relatively unchanged within the next fiscal year. Management of Paris BPU will do everything possible to keep the customer costs as low as possible and continue to maintain the System's financial position. Also, the fiscal year 2016 budget was approved unanimously at the June 2015 board meeting.

All of these factors were considered in preparing the City of Paris' budget for the 2016 fiscal year.

### **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the City of Paris' finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City of Paris' finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Paris, Paris, TN 38242.



## **BASIC FINANCIAL STATEMENTS**

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 132,796	\$ 7,003,922	\$ 7,136,718
Investments	-	33,334	33,334
Receivables:			
Taxes (net of allowance for uncollectibles of \$37,415)	1,258,673	-	1,258,673
Accounts (net of allowances for uncollectibles of \$13,649)	190,599	2,111,636	2,302,235
Grants	2,600	-	2,600
Intergovernmental	1,099,219	-	1,099,219
Other	-	459,439	459,439
Due from other funds	-	1,335,769	1,335,769
Inventories	27,636	627,216	654,852
Prepaid items	-	1,335,953	1,335,953
Restricted assets:			
Cash and cash equivalents	-	5,758,420	5,758,420
Certificates of deposit	-	1,238,882	1,238,882
BPU Heat Pump Loans-net of loss allowance	-	1,520,282	1,520,282
Advances to customers - TVA Home Insulation	-	14,074	14,074
Rural development loan receivable	-	1,605,790	1,605,790
AMI cost/regulatory	-	82,680	82,680
Long term accounts receivable - Closure/Post closure liability	-	150,330	150,330
Notes receivable (net of allowance for uncollectibles of \$30,553)	-	144,120	144,120
Capital assets (not being depreciated):			
Land	1,375,246	1,530,535	2,905,781
Construction in progress	-	1,163,156	1,163,156
Capital assets (net of accumulated depreciation):			
Buildings	4,707,816	-	4,707,816
Improvements other than buildings	1,379,020	76,804	1,455,824
Machinery and equipment	1,772,870	409,998	2,182,868
Furniture and fixtures	34,045	-	34,045
Infrastructure	2,822,921	-	2,822,921
Distribution plant	-	43,308,252	43,308,252
General plant	-	3,697,897	3,697,897
Treatment plant	-	5,443,556	5,443,556
<b>Total assets</b>	<b>14,803,441</b>	<b>79,052,045</b>	<b>93,855,486</b>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	-	115,780	115,780
Pension contributions subsequent to measurement date	452,591	1,581,254	2,033,845
<b>Total deferred outflows or resources</b>	<b>\$ 452,591</b>	<b>\$ 1,697,034</b>	<b>\$ 2,149,625</b>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF NET POSITION**  
June 30, 2015

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Accounts payable	\$ 166,718	\$ 6,976,764	\$ 7,143,482
Customer deposits	-	2,021,498	2,021,498
Payroll related payable	113,000	-	113,000
Accrued interest payable	-	39,081	39,081
Funds held in trust for others	13,692	-	13,692
Due to other funds	-	1,335,769	1,335,769
Noncurrent liabilities:			
Due within one year	526,495	1,637,624	2,164,119
Due in more than one year	2,914,006	14,385,067	17,299,073
Net pension liability	597,754	7,180,450	7,778,204
<b>Total liabilities</b>	<b>4,331,665</b>	<b>33,576,253</b>	<b>37,907,918</b>
<b>Deferred inflows of resources</b>			
Net difference between projected and actual earnings on pension plan investments	955,763	723,487	1,679,250
Differences between expected and actual experience	549,361	58,393	607,754
Unavailable property taxes	1,169,808	-	1,169,808
<b>Total deferred inflows of resources</b>	<b>2,674,932</b>	<b>781,880</b>	<b>3,456,812</b>
<b>Net Position</b>			
Net investment in capital assets	8,367,930	40,564,027	48,931,957
Restricted for:			
State Street Aid	380,183	-	380,183
Drug fund use	81,756	-	81,756
Economic development	-	360,000	360,000
Debt service	-	6,958,221	6,958,221
Unrestricted	(580,434)	(1,491,302)	(2,071,736)
<b>Total net position</b>	<b>\$ 8,249,435</b>	<b>\$ 46,390,946</b>	<b>\$ 54,640,381</b>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Primary government							
Governmental activities:							
General government	\$ 1,973,706	\$ 205,933	\$ 12,474	\$ -	\$ (1,755,299)	\$ -	\$ (1,755,299)
Public safety	3,639,790	305,912	163,771	67,000	(3,103,107)	-	(3,103,107)
Public works	1,980,282	15,332	276,991	-	(1,687,959)	-	(1,687,959)
Health, culture, welfare, and recreation	1,561,795	240,139	6,050	-	(1,315,606)	-	(1,315,606)
Community development	812,459	-	217,518	407,160	(187,781)	-	(187,781)
Interest on debt	29,941	-	-	-	(29,941)	-	(29,941)
Total governmental activities	<u>9,997,973</u>	<u>767,316</u>	<u>676,804</u>	<u>474,160</u>	<u>(8,079,693)</u>	<u>-</u>	<u>(8,079,693)</u>
Business-type activities:							
Electric	44,935,197	46,635,716	-	1,867	-	1,702,386	1,702,386
Water	1,805,564	1,955,536	-	305,278	-	455,250	455,250
Sewer	1,812,153	1,884,810	-	88,267	-	160,924	160,924
Refuse collection	1,053,731	1,390,357	-	-	-	336,626	336,626
Landfill	312,716	190,190	-	-	-	(122,526)	(122,526)
Paris Housing Corporation	1,464	1,737	-	-	-	273	273
Total business-type activities	<u>49,920,825</u>	<u>52,058,346</u>	<u>-</u>	<u>395,412</u>	<u>-</u>	<u>2,532,933</u>	<u>2,532,933</u>
Total	<u>\$ 59,918,798</u>	<u>\$ 52,825,662</u>	<u>\$ 676,804</u>	<u>\$ 869,572</u>			
<b>General revenues (expenses):</b>							
Property taxes - levied for general government					1,286,213	-	1,286,213
In lieu of property taxes					147,729	-	147,729
Sales taxes					4,282,256	-	4,282,256
Franchise taxes					129,269	-	129,269
Alcoholic beverage taxes					802,133	-	802,133
Business taxes					328,187	-	328,187
Income taxes					302,707	-	302,707
Sale of assets					17,166	-	17,166
Other sources					179,444	-	179,444
Unrestricted interest income					5,055	133,300	138,355
Total general revenues					<u>7,480,159</u>	<u>133,300</u>	<u>7,613,459</u>
<b>Transfers and in lieu of taxes:</b>							
Transfers in (out) - tax equivalents					697,382	(581,482)	115,900
Total general revenues and transfers					<u>8,177,541</u>	<u>(448,182)</u>	<u>7,729,359</u>
Changes in net position					<u>97,848</u>	<u>2,084,751</u>	<u>2,182,599</u>
Net position - beginning					10,376,640	51,440,280	61,816,920
Prior period adjustment					(152,021)	71,773	(80,248)
Restatement - GASB 68 and 71 implementation					(2,073,032)	(7,205,858)	(9,278,890)
Net position - beginning - restated					<u>8,151,587</u>	<u>44,306,195</u>	<u>52,457,782</u>
Net position - ending					<u>\$ 8,249,435</u>	<u>\$ 46,390,946</u>	<u>\$ 54,640,381</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
June 30, 2015

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 51,757	\$ 81,039	\$ 132,796
Receivables:			
Taxes (net of allowance for uncollectibles of \$37,415)	1,258,673	-	1,258,673
Accounts (net of allowance for uncollectibles of \$13,649)	189,392	1,207	190,599
Grants	2,600	-	2,600
Intergovernmental	1,099,219	-	1,099,219
Inventories	27,636	-	27,636
<b>Total assets</b>	<b>\$ 2,629,277</b>	<b>\$ 82,246</b>	<b>\$ 2,711,523</b>
<b>Liabilities, deferred inflows of resources, and fund balance</b>			
<b>Liabilities</b>			
Accounts payable	\$ 166,226	\$ 490	\$ 166,716
Payroll related payables	113,000	-	113,000
Funds held in trust for others	13,692	-	13,692
Total liabilities	292,918	490	293,408
<b>Deferred inflows of resources</b>			
Unavailable court fines	5,994	-	5,994
Unavailable property taxes	80,207	-	80,207
Unavailable property taxes - 2015 Levy	1,169,808	-	1,169,808
Total deferred inflows of resources	1,256,009	-	1,256,009
<b>Fund Balances</b>			
Nonspendable	27,636	-	27,636
Restricted			
Fingerprinting	-	-	-
State street aid expenditures	380,183	-	380,183
Special revenue funds	-	81,756	81,756
Unassigned			
General fund	672,531	-	672,531
Total fund balances	1,080,350	81,756	1,162,106
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 2,629,277</b>	<b>\$ 82,246</b>	<b>\$ 2,711,523</b>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
June 30, 2015

**Amounts reported for the governmental activities in the statement of net position (Page 13) are different because:**

<b>Fund balances - total governmental funds (Page 15)</b>	\$ 1,162,106
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds.	12,091,916
Receivables not available to pay for current expenditures and, therefore, are unavailable in the funds.	86,201
Deferred outflows of resources related to pensions in which the consumption of net position will occur in future periods, therefore, it is not reported in the funds	452,591
Deferred inflows of resources related to pensions in which the acquisition of net position will occur in future periods, therefore, it is not reported in the funds	(1,505,124)
Long-term liabilities, including notes and bonds payable, compensated absences, and net pension liability are not due in the current period and, therefore, are not reported in the funds.	<u>(4,038,255)</u>
<b>Net position - governmental activities (Page 13)</b>	<b><u>\$ 8,249,435</u></b>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2015

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Revenues</b>			
Taxes	\$ 6,692,028	\$ -	\$ 6,692,028
Licenses and permits	28,479	-	28,479
Intergovernmental	1,974,463	-	1,974,463
Charges for services	455,028	-	455,028
Fines	41,616	9,618	51,234
Other	643,879	37,652	681,531
Total revenues	<u>9,835,493</u>	<u>47,270</u>	<u>9,882,763</u>
<b>Expenditures</b>			
Current:			
General government	1,127,538	-	1,127,538
Public safety	3,924,614	46,474	3,971,088
Public works	2,445,540	-	2,445,540
Health, culture, welfare and recreation	1,728,238	-	1,728,238
Community development	696,556	-	696,556
Debt service:			
Principal	467,751	-	467,751
Interest and other	29,941	-	29,941
Total expenditures	<u>10,420,178</u>	<u>46,474</u>	<u>10,466,652</u>
Revenues over (under) expenditures	<u>(584,685)</u>	<u>796</u>	<u>(583,889)</u>
<b>Other financing sources (uses)</b>			
Transfer - In lieu of taxes - BPU	44,288	-	44,288
Transfer in (out) - THDA fund	-	(115,900)	(115,900)
RDA promissory note payments	114,583	-	114,583
Proceeds from Fire/Annex bond	117,935	-	117,935
Proceeds from 2015 multi-purpose bond	306,857	-	306,857
Total other financing sources (uses)	<u>583,663</u>	<u>(115,900)</u>	<u>467,763</u>
<b>Net changes in fund balances</b>	<b>(1,022)</b>	<b>(115,104)</b>	<b>(116,126)</b>
Fund balances - beginning	1,233,393	196,860	1,430,253
Prior period adjustment	(152,021)	-	(152,021)
Total fund balances - beginning (as restated)	<u>1,081,372</u>	<u>196,860</u>	<u>1,278,232</u>
Fund balances - ending	<u>\$ 1,080,350</u>	<u>\$ 81,756</u>	<u>\$ 1,162,106</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2015

**Amounts reported for the governmental activities in the statement of activities (Page 14) are different because:**

<b>Net change in fund balances - total governmental funds (Page 17)</b>	<b>\$ (116,126)</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which depreciation exceeded capital outlays in the current period.	(257,882)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(12,041)
Some expenses reported in the statement of activities, such as accrued leave, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.	18,194
The actuarially determined pension expense does not consume current financial resources and, therefore, is not reported in the governmental funds. It is reported as expenses in the statement of activities.	(29,848)
The pension contributions subsequent to the measurement date of June 30, 2014 consumes the current financial resources in the fund statements, but is considered deferred outflows of resources in the government wide statements. Therefore, these transactions do not have any effect on net position.	452,591
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	42,960
<b>Change in net position of governmental activities (Page 14)</b>	<b>\$ 97,848</b>

*The accompanying notes are an integral part of the financial statements.*



**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2015

	<b>Electrical Division</b>	<b>Water Division</b>	<b>Sewer Division</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 3,401,070	\$ 436,133	\$ 927,372	\$ 2,239,347	\$ 7,003,922
Investments	33,334	-	-	-	33,334
Receivables:					
Accounts (net of allowance for uncollectibles)	1,877,778	60,300	26,377	147,181	2,111,636
Other	367,986	26,055	8,648	56,750	459,439
Due from other funds	212,709	247,962	176,740	698,358	1,335,769
Inventories	438,656	117,952	23,183	47,425	627,216
Prepaid items	1,323,312	10,148	2,493	-	1,335,953
Total current assets	<u>7,654,845</u>	<u>898,550</u>	<u>1,164,813</u>	<u>3,189,061</u>	<u>12,907,269</u>
Noncurrent assets:					
Restricted cash, cash equivalents, and investments:					
Cash and cash equivalents	5,742,160	9,510	6,750	-	5,758,420
Investments	1,238,882	-	-	-	1,238,882
Total restricted assets	<u>6,981,042</u>	<u>9,510</u>	<u>6,750</u>	<u>-</u>	<u>6,997,302</u>
Other assets:					
BPU Heat Pump Loans-net of loss allowance	1,520,282	-	-	-	1,520,282
Advances to customers - Home insulation	14,074	-	-	-	14,074
Rural development loan receivable	1,605,790	-	-	-	1,605,790
AMI cost/regulatory	82,680	-	-	-	82,680
Long term accounts receivable - Closure/Post closure liability	-	-	-	150,330	150,330
Notes receivable - (net of allowance)	-	-	-	144,120	144,120
Total other assets	<u>3,222,826</u>	<u>-</u>	<u>-</u>	<u>294,450</u>	<u>3,517,276</u>
Capital assets (net of accumulated depreciation):					
Land	834,873	82,341	390,893	222,428	1,530,535
Improvements other than buildings	-	-	-	76,804	76,804
Machinery and equipment	-	-	-	409,998	409,998
Distribution plant	33,473,736	4,316,266	5,518,250	-	43,308,252
General plant	3,406,815	168,439	122,643	-	3,697,897
Treatment plant	-	1,409,357	4,034,199	-	5,443,556
Construction in progress	489,672	191,781	330,904	150,799	1,163,156
Total capital assets (net of accumulated depreciation)	<u>38,205,096</u>	<u>6,168,184</u>	<u>10,396,889</u>	<u>860,029</u>	<u>55,630,198</u>
<b>Total assets</b>	<b><u>56,063,809</u></b>	<b><u>7,076,244</u></b>	<b><u>11,568,452</u></b>	<b><u>4,343,540</u></b>	<b><u>79,052,045</u></b>
<b>Deferred outflows of resources</b>					
Differences between expected and actual experience	83,362	16,209	16,209	-	115,780
Pension contributions subsequent to measurement date	1,105,920	215,040	215,040	45,254	1,581,254
<b>Total deferred outflows or resources</b>	<b><u>\$ 1,189,282</u></b>	<b><u>\$ 231,249</u></b>	<b><u>\$ 231,249</u></b>	<b><u>\$ 45,254</u></b>	<b><u>\$ 1,697,034</u></b>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2015

	<u>Electrical Division</u>	<u>Water Division</u>	<u>Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	\$ 5,251,610	\$ 65,290	\$ 85,734	\$ 70,195	\$ 5,472,829
Other accrued expenses	1,469,441	24,746	8,026	1,722	1,503,935
Compensated absences - within one year	61,802	27,934	38,090	26,008	153,834
Customer deposits	2,005,238	9,510	6,750	-	2,021,498
Due to other funds	349,091	125,546	162,774	698,358	1,335,769
Accrued interest payable	32,748	6,333	-	-	39,081
Current maturities of long-term debt (net of discount of \$25,062 plus premium of \$6,831 for the year ended June 30, 2015)	<u>1,148,327</u>	<u>162,208</u>	<u>161,250</u>	<u>12,005</u>	<u>1,483,790</u>
Total current liabilities	<u>10,318,257</u>	<u>421,567</u>	<u>462,624</u>	<u>808,288</u>	<u>12,010,736</u>
Noncurrent liabilities:					
Compensated absences - more than one year	302,725	75,074	124,226	-	502,025
Notes payable (less current maturities, net of discount of \$13,490 for the year ended June 30, 2015)	866,809	1,345,081	1,206,330	-	3,418,220
Net pension liability	5,124,178	996,368	996,368	63,536	7,180,450
Bonds payable (less current maturities, net of discount of \$229,194 plus premium of \$83,404 for the year ended June 30, 2015)	10,079,209	-	-	84,952	10,164,161
Accrued closure and post closure expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,661</u>	<u>300,661</u>
Total noncurrent liabilities	<u>16,372,921</u>	<u>2,416,523</u>	<u>2,326,924</u>	<u>449,149</u>	<u>21,565,517</u>
<b>Total liabilities</b>	<u>26,691,178</u>	<u>2,838,090</u>	<u>2,789,548</u>	<u>1,257,437</u>	<u>33,576,253</u>
<b>Deferred inflows of resources</b>					
Net difference between projected and actual earnings on pension plan investments	447,765	87,066	87,066	101,590	723,487
Differences between expected and actual experience	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,393</u>	<u>58,393</u>
<b>Total deferred inflows of resources</b>	<u>447,765</u>	<u>87,066</u>	<u>87,066</u>	<u>159,983</u>	<u>781,880</u>
<b>Net Position</b>					
Net investment in capital assets	26,110,751	4,660,895	9,029,309	763,072	40,564,027
Restricted for debt service	6,948,294	3,177	6,750	-	6,958,221
Restricted for economic development	360,000	-	-	-	360,000
Unrestricted	<u>(3,304,897)</u>	<u>(281,735)</u>	<u>(112,972)</u>	<u>2,208,302</u>	<u>(1,491,302)</u>
<b>Total net position</b>	<u>\$ 30,114,148</u>	<u>\$ 4,382,337</u>	<u>\$ 8,923,087</u>	<u>\$ 2,971,374</u>	<u>\$ 46,390,946</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

	<b>Electrical Division</b>	<b>Water Division</b>	<b>Sewer Division</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
<b>Operating revenues</b>					
Sales of services	\$ 45,661,522	\$ 1,958,270	\$ 1,886,713	\$ 1,520,547	\$ 51,027,052
Uncollectible accounts	(30,815)	(2,734)	(1,903)	-	(35,452)
Promissory note	-	-	-	1,737	1,737
Other operating revenues	1,005,009	-	-	60,000	1,065,009
Total operating revenues	<u>46,635,716</u>	<u>1,955,536</u>	<u>1,884,810</u>	<u>1,582,284</u>	<u>52,058,346</u>
<b>Operating expenses</b>					
Purchased power and facilities charges	37,465,283	-	-	-	37,465,283
Operation	2,812,245	1,053,654	922,375	1,123,539	5,911,813
Maintenance	1,756,492	366,847	496,850	59,410	2,679,599
Provision for depreciation	2,194,998	291,097	342,675	183,485	3,012,255
Tax equivalents paid to other governments	204,702	2,146	-	-	206,848
Total operating expenses	<u>44,433,720</u>	<u>1,713,744</u>	<u>1,761,900</u>	<u>1,366,434</u>	<u>49,275,798</u>
Operating income (loss)	<u>2,201,996</u>	<u>241,792</u>	<u>122,910</u>	<u>215,850</u>	<u>2,782,548</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	131,912	-	1,377	11	133,300
Other revenue (expenses)	1,867	32,111	539	-	34,517
Interest expense	(444,077)	(91,820)	(47,808)	(1,477)	(585,182)
Other expense	(57,400)	-	(2,445)	-	(59,845)
Total nonoperating revenues (expenses)	<u>(367,698)</u>	<u>(59,709)</u>	<u>(48,337)</u>	<u>(1,466)</u>	<u>(477,210)</u>
Income before transfers and contributed capital	1,834,298	182,083	74,573	214,384	2,305,338
Capital contributions	-	273,167	87,728	-	360,895
Transfers from (to) other funds	<u>(654,286)</u>	<u>(7,075)</u>	<u>(36,021)</u>	<u>115,900</u>	<u>(581,482)</u>
<b>Change in net position</b>	<b><u>1,180,012</u></b>	<b><u>448,175</u></b>	<b><u>126,280</u></b>	<b><u>330,284</u></b>	<b><u>2,084,751</u></b>
Total net position - beginning	33,874,779	4,912,134	9,774,778	2,878,589	51,440,280
Prior period adjustment	88,925	-	-	(17,152)	71,773
Restatement - GASB 68 and 71 implementation	<u>(5,029,568)</u>	<u>(977,972)</u>	<u>(977,971)</u>	<u>(220,347)</u>	<u>(7,205,858)</u>
Total net position - beginning (as restated)	<u>28,934,136</u>	<u>3,934,162</u>	<u>8,796,807</u>	<u>2,641,090</u>	<u>44,306,195</u>
Total net position - ending	<u>\$ 30,114,148</u>	<u>\$ 4,382,337</u>	<u>\$ 8,923,087</u>	<u>\$ 2,971,374</u>	<u>\$ 46,390,946</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

	Electrical Division	Water Division	Sewer Division	Other Enterprise Funds	Totals
<b>Cash flows from operating activities</b>					
Cash received from consumers	\$ 46,718,150	\$ 1,990,881	\$ 1,922,565	\$ 1,584,744	\$ 52,216,340
Cash received from others	(9,165)	(52,993)	26,819	-	(35,339)
Cash paid to suppliers of goods and services	(40,081,578)	(1,030,510)	(1,100,283)	(602,840)	(42,815,211)
Cash paid to employees for services	(1,147,513)	(481,060)	(505,966)	(613,537)	(2,748,076)
Taxes paid	(204,702)	(2,146)	-	-	(206,848)
Repayment of interfund liabilities	-	-	-	28,375	28,375
Customer deposits received	390,619	9,510	6,750	-	406,879
Customer deposits refunded	(317,466)	-	-	-	(317,466)
Cash paid to others	(29,505)	(6,335)	69,987	-	34,147
Net cash provided (used) by operating activities	<u>5,318,840</u>	<u>427,347</u>	<u>419,872</u>	<u>396,742</u>	<u>6,562,801</u>
<b>Cash flows from capital and related financing activities</b>					
Construction and acquisition of plant	(5,353,276)	(592,395)	(443,970)	(206,494)	(6,596,135)
Plant removal cost	(211,515)	(6,150)	-	-	(217,665)
Materials salvaged from retirements	126,438	-	-	-	126,438
Principal payments made on rural development loans	(244,598)	-	-	-	(244,598)
Proceeds from long-term debt	-	-	-	96,957	96,957
Principal paid on long-term debt	-	-	-	(42,132)	(42,132)
Principal paid on bonds	(1,140,000)	(162,010)	(158,090)	-	(1,460,100)
Interest paid on long term debt	(447,033)	(68,181)	(47,808)	(1,477)	(564,499)
Net cash provided (used) by capital and related financing activities	<u>(7,269,984)</u>	<u>(828,736)</u>	<u>(649,868)</u>	<u>(153,146)</u>	<u>(8,901,734)</u>
<b>Cash flows from non-capital financing activities</b>					
Contributed capital - City	-	273,167	87,728	-	360,895
Transfers from (to) other funds	(654,286)	(7,075)	(36,021)	115,900	(581,482)
Net cash provided (used) by non-capital financing activities	<u>(654,286)</u>	<u>266,092</u>	<u>51,707</u>	<u>115,900</u>	<u>(220,587)</u>
<b>Cash flows from investing activities</b>					
Purchase of investment	(1,238,882)	-	-	-	(1,238,882)
Proceeds from sale of investments	1,504,458	-	-	(31,737)	1,472,721
Collection on notes receivable	-	-	-	21,749	21,749
Conservation loans made	(433,266)	-	-	-	(433,266)
Conservation loans collections	398,437	-	-	-	398,437
Principal received on rural development loans	315,633	-	-	-	315,633
Advances to customers	2,633	-	-	-	2,633
Interest and other non-operating income	76,381	13,620	(529)	11	89,483
Net cash provided (used) by investing activities	<u>625,394</u>	<u>13,620</u>	<u>(529)</u>	<u>(9,977)</u>	<u>628,508</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,980,036)</b>	<b>(121,677)</b>	<b>(178,818)</b>	<b>349,519</b>	<b>(1,931,012)</b>
Cash and cash equivalents - beginning of year	<u>11,123,266</u>	<u>567,320</u>	<u>1,112,940</u>	<u>1,889,828</u>	<u>14,693,354</u>
Cash and cash equivalents - end of year	<u>\$ 9,143,230</u>	<u>\$ 445,643</u>	<u>\$ 934,122</u>	<u>\$ 2,239,347</u>	<u>\$ 12,762,342</u>
<b>Cash and cash equivalents</b>					
Unrestricted cash on hand	\$ 5,200	\$ -	\$ -	\$ -	\$ 5,200
Unrestricted cash and cash equivalents	3,395,870	436,133	927,372	2,239,347	6,998,722
Restricted cash and cash equivalents	5,742,160	9,510	6,750	-	5,758,420
<b>Total cash and cash equivalents</b>	<u>\$ 9,143,230</u>	<u>\$ 445,643</u>	<u>\$ 934,122</u>	<u>\$ 2,239,347</u>	<u>\$ 12,762,342</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

	<u>Electrical Division</u>	<u>Water Division</u>	<u>Sewer Division</u>	<u>Other Enterprise Funds</u>	<u>Totals</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating income (loss)	\$ 2,201,996	\$ 241,792	\$ 122,910	\$ 215,850	\$ 2,782,548
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	2,194,998	291,097	342,675	183,485	3,012,255
Change in pension related deferred outflows, deferred inflows of resources, and net pension liability	(646,908)	(125,787)	(125,787)	(42,082)	(940,564)
Change in AMI cost/regulatory	76,319	-	-	-	76,319
Unamortized debt expense	16,689	1,542	-	-	18,231
Change in closure/post closure liability	-	-	-	2,193	2,193
(Increase) decrease in accounts receivable	82,434	35,345	32,751	2,460	152,990
(Increase) decrease in due from other funds	(9,165)	(52,993)	26,819	9,799	(25,540)
(Increase) decrease in inventory	25,648	8,774	(1,361)	-	33,061
(Increase) decrease in prepayments and other current assets	(179,495)	5,663	2,804	-	(171,028)
Increase (decrease) in due to other funds	(29,505)	(6,335)	71,179	18,576	53,915
Increase (decrease) in accounts payable and accrued expenses	1,512,676	18,739	(58,868)	6,461	1,479,008
Increase (decrease) in customer deposits	73,153	9,510	6,750	-	89,413
<b>Net cash provided (used) by operating activities</b>	<b>\$ 5,318,840</b>	<b>\$ 427,347</b>	<b>\$ 419,872</b>	<b>\$ 396,742</b>	<b>\$ 6,562,801</b>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
June 30, 2015

	<b>Paris Board of Public Utilities Trust, Inc.</b>	<b>Cemetery</b>	<b>Deferred Compensation</b>	<b>Totals</b>
<b>Assets</b>				
Cash	\$ 88,558	\$ -	\$ -	\$ 88,558
Certificates of deposit	-	182,835	-	182,835
Investments	<u>-</u>	<u>-</u>	<u>1,108,795</u>	<u>1,108,795</u>
Total assets	<u>88,558</u>	<u>182,835</u>	<u>1,108,795</u>	<u>1,380,188</u>
<b>Liabilities</b>				
Claims against future deposits	-	585	-	585
Deferred compensation benefits payable	<u>-</u>	<u>-</u>	<u>1,108,795</u>	<u>1,108,795</u>
Total liabilities	<u>-</u>	<u>585</u>	<u>1,108,795</u>	<u>1,109,380</u>
<b>Net Position</b>				
Unrestricted	<u>\$ 88,558</u>	<u>\$ 182,250</u>	<u>\$ -</u>	<u>\$ 270,808</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
For the Year Ended June 30, 2015

	<u>Paris Board of Public Utilities Trust, Inc.</u>	<u>Cemetery</u>	<u>Deferred Compensation</u>	<u>Totals</u>
<b>Additions:</b>				
Revenue and other support:				
Contributions	\$ 88,052	\$ -	\$ -	\$ 88,052
Other:				
Interest and investment income	-	233	-	233
Total additions	<u>88,052</u>	<u>233</u>	<u>-</u>	<u>88,285</u>
<b>Deductions:</b>				
Program service	<u>83,353</u>	<u>-</u>	<u>-</u>	<u>83,353</u>
<b>Net changes in net position</b>	<b>4,699</b>	<b>233</b>	<b>-</b>	<b>4,932</b>
Net position - beginning	<u>83,859</u>	<u>182,017</u>	<u>-</u>	<u>265,876</u>
Net position - ending	<u>\$ 88,558</u>	<u>\$ 182,250</u>	<u>\$ -</u>	<u>\$ 270,808</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
<b>Revenues</b>				
Taxes:				
Property tax current	\$ 1,152,400	\$ 1,152,400	\$ 1,110,198	\$ (42,202)
Property tax delinquent	133,600	133,600	158,685	25,085
Property tax chancery court	25,000	25,000	22,367	(2,633)
Interest & penalty prop tax	7,000	7,000	5,218	(1,782)
Local option sales tax	3,475,000	3,475,000	3,512,080	37,080
Wholesale beer tax	590,000	590,000	556,239	(33,761)
Wholesale liquor tax	265,000	265,000	216,691	(48,309)
Business tax	340,000	340,000	328,187	(11,813)
Transfer - In lieu of taxes - BPU	700,000	650,000	653,094	3,094
CATV franchise fees	115,000	115,000	129,269	14,269
Total taxes	<u>6,803,000</u>	<u>6,753,000</u>	<u>6,692,028</u>	<u>(60,972)</u>
Licenses and permits:				
Beer licenses	10,250	10,250	8,800	(1,450)
Privilege licenses	1,500	1,500	2,199	699
Building & related permits	19,500	19,500	16,980	(2,520)
Loading zone permits	500	500	500	-
Total licenses and permits	<u>31,750</u>	<u>31,750</u>	<u>28,479</u>	<u>(3,271)</u>
Intergovernmental:				
PHA police reimbursement -	5,000	5,000	1,012	(3,988)
TDOT highway safety grant	5,000	5,000	8,854	3,854
TML safety grant	2,000	2,000	2,000	-
BAP - ABC/NWTDD	-	-	2,000	2,000
Bulletproof Vest Grant	1,500	1,500	2,276	776
In lieu of taxes - TVA	117,000	117,000	117,710	710
2013 housing rehab CDBG	300,000	400,000	407,160	7,160
FEMA storm recovery grant	-	-	10,474	10,474
BAP - Sponsor's	25,000	-	-	-
BAP - Our town NEA grant	100,000	-	-	-
TVA lighting rebate	-	-	2,017	2,017
State sales tax	740,000	770,000	770,176	176
State income tax	200,000	200,000	255,557	55,557
State beer tax	5,500	5,500	4,857	(643)
State mixed drink tax	25,000	25,000	24,346	(654)
State gasoline and motor fuel tax	185,000	185,000	183,837	(1,163)
State gasoline tax 1989	35,000	35,000	29,517	(5,483)
State gasoline tax 3 cent	60,000	60,000	54,783	(5,217)
State excise tax	44,000	44,000	47,150	3,150
In lieu of taxes - PHA	33,000	33,000	29,768	(3,232)
In lieu of taxes - Wesley	250	250	251	1
State petroleum special tax	22,000	22,000	20,718	(1,282)
Total intergovernmental	<u>1,905,250</u>	<u>1,910,250</u>	<u>1,974,463</u>	<u>64,213</u>

*The accompanying notes are an integral part of the financial statements.*



**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Receipts for services:				
Fees and commissions	35,000	35,000	33,936	(1,064)
MS4 fee	54,000	-	-	-
Fire call report fee	100	100	2	(98)
Rural fire call fees	3,000	3,000	2,989	(11)
Police officers court fees	50,000	50,000	50,041	41
Registration fee - sex offender	2,000	2,000	2,900	900
ESN 122 membership fees	120,000	120,000	114,655	(5,345)
Traffic school fees	2,000	2,000	2,325	325
Accident report charges	1,000	1,000	674	(326)
Alarm registration fees	5,300	5,300	4,875	(425)
Street repair charges	25,000	25,000	14,832	(10,168)
Demolition/property maint. fees	1,000	1,000	-	(1,000)
Swimming pool receipts	25,000	25,000	21,057	(3,943)
Swimming pool concessions	12,000	12,000	9,997	(2,003)
Memorial pool - lessons	100	100	225	125
Memorial pool - pool parties	500	500	1,290	790
Park and recreation charges	4,000	4,000	7,214	3,214
PHCBL admissions	5,600	5,600	5,585	(15)
PHCBL concessions	-	-	1,250	1,250
PHCBL sponsor fees	5,000	5,000	5,590	590
PHCBL registration fees	9,800	9,800	8,713	(1,087)
Recreation special events	5,000	5,000	11,529	6,529
Adult league fees and registration	1,000	1,000	-	(1,000)
Civic center miscellaneous	100	100	169	69
Parks sale of merchandise	500	500	432	(68)
Civic center sale of merchandise	440	440	249	(191)
Civic center memberships and admissions	44,000	44,000	31,549	(12,451)
Civic center memberships nonresidential	33,000	33,000	26,191	(6,809)
Civic center daily admission full	220	220	326	106
Civic center daily admission pool	3,850	3,850	5,481	1,631
Civic center daily admission gym	12,100	12,100	11,478	(622)
Civic center daily admission track	1,100	1,100	900	(200)
Civic center daily admission fitness	8,800	8,800	5,900	(2,900)
Civic center program fees	33,000	33,000	34,018	1,018
Civic center lifeguard classes	110	110	420	310
Civic center swim lessons	550	550	716	166
Civic center pool parties	1,650	1,650	2,040	390
Civic center meeting room rent	5,500	5,500	4,769	(731)
KPAC admissions	15,000	15,000	19,584	4,584
KPAC room rental	11,000	11,000	11,127	127
Total receipts for services	537,320	483,320	455,028	(28,292)
Fines and forfeitures:				
City court fines and forfeitures	32,000	32,000	23,314	(8,686)
Parking fines	10,000	10,000	5,962	(4,038)
Shelter fees	10,000	10,000	10,365	365
Animal control deposit	2,000	2,000	1,875	(125)
Vicious dog registration	200	200	100	(100)
Total fines and forfeitures	54,200	54,200	41,616	(12,584)
Other:				
Interest earnings	4,000	4,000	5,044	1,044
Rent - The Church in Paris	2,400	2,400	2,400	-
TVTC Building rental	102,000	102,000	102,000	-
E911 rental	2,500	2,500	2,500	-
Bell Avenue warehouse rental	3,000	3,000	3,488	488

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
E911 - dispatchers reimbursement	94,000	94,000	93,109	(891)
Administrative reimbursement	12,500	12,500	15,171	2,671
ICI rent	91,750	91,750	84,546	(7,204)
Sale of assets	25,000	25,000	6,688	(18,312)
Sale of cemetery lots	9,000	9,000	11,250	2,250
Insurance proceeds	10,000	10,000	793	(9,207)
County share of volunteer center	6,050	6,050	6,050	-
Henry Co. Medical Center reimbursement	38,250	38,250	38,250	-
County share - by-pass	85,000	85,000	68,605	(16,395)
Paris - Henry County industrial reimbursement	144,954	144,954	148,913	3,959
Krider-Bravo fundraising	1,000	1,000	-	(1,000)
Other revenues	22,500	22,500	24,634	2,134
Salary supplements	29,000	29,000	29,400	400
Discounts taken	1,600	1,600	1,031	(569)
Total other	684,504	684,504	643,879	(40,625)
Total revenues	10,016,024	9,917,024	9,835,493	(81,531)
<b>Expenditures</b>				
Grants and donations:				
Tennessee rehab center	60,571	60,571	60,571	-
Chamber of Commerce dues	6,000	6,000	6,000	-
Veterans service officer	4,264	4,264	4,264	-
Henry County Fair Board	8,000	8,000	8,000	-
JACO A	2,500	2,500	2,500	-
Henry County Rescue Squad	2,500	2,500	2,500	-
Comm. development services	2,500	2,500	-	(2,500)
PHC Industrial Committee	55,000	55,000	55,000	-
Paris-Henry Co. Arts Council	3,500	3,500	3,500	-
Chamber tourist and recreation	20,000	20,000	20,500	500
Heritage Center	10,000	10,000	10,000	-
West Tn River Basin	7,000	7,000	7,750	750
Lee School Historical Society	4,500	4,500	4,500	-
PHC Volunteer Center	12,100	12,100	12,100	-
County genealogy room	4,500	4,500	4,441	(59)
Carl Perkins Exchange Club	5,000	5,000	5,000	-
Total grants and donations	207,935	207,935	206,626	(1,309)
General administration:				
Salaries - regular	193,595	193,595	206,158	12,563
OASI	14,810	14,810	15,506	696
Health & life insurance	21,642	21,642	10,549	(11,093)
Retirement	19,123	19,123	20,687	1,564
Workers Compensation	2,215	2,215	887	(1,328)
Postage	400	400	391	(9)
Printing, stationery, etc.	100	100	234	134
Publication of legal notices	2,300	2,300	2,529	229
Subscriptions to periodicals	150	150	108	(42)
Membership & registration fees	4,000	4,000	7,381	3,381
Telephone & fax	2,000	2,000	2,115	115
City attorney retainer	42,075	42,075	42,664	589
Other legal services	-	-	1,100	1,100
Repair & maint - motor vehicle	100	100	-	(100)
Repair & maint - office equip	100	100	310	210
Out of town expense	7,500	7,500	5,869	(1,631)

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Recording documents	-	-	1,558	1,558
Sundry contractual services	30,000	30,000	37,937	7,937
Office supplies	4,200	4,200	4,216	16
Clothing & uniforms	300	300	10	(290)
Other operating supplies	1,000	1,000	1,411	411
Gas, oil, diesel fuel	2,000	2,000	1,953	(47)
Building insurance	5,650	5,650	2,356	(3,294)
Motor vehicle parts	100	100	-	(100)
Vehicle insurance	600	600	588	(12)
Liability insurance	9,500	9,500	9,304	(196)
Lease rental fees	300	300	500	200
General purpose equipment	-	-	4,684	4,684
Total general administration	363,760	363,760	381,005	17,245
Economic development:				
Salaries - regular	118,747	118,747	131,936	13,189
OASI	9,084	9,084	10,066	982
Health & life insurance	4,712	4,712	4,640	(72)
Retirement	12,410	12,410	2,370	(10,040)
Total economic development	144,953	144,953	149,012	4,059
Elections:				
Board & committee per diem	2,500	7,500	7,267	(233)
Financial administration:				
Salaries - regular	157,822	157,822	157,992	170
OASI	12,073	12,073	11,269	(804)
Health & life insurance	32,045	32,045	31,697	(348)
Retirement	18,213	18,213	16,947	(1,266)
Worker's compensation	1,500	1,500	542	(958)
Employee education	500	500	50	(450)
Postage	4,400	4,400	6,639	2,239
Printing, stationery, etc.	600	600	1,073	473
Membership & registration fees	1,100	1,100	2,120	1,020
Telephone & fax	1,000	1,000	1,209	209
Accounting & auditing services	27,000	27,000	24,675	(2,325)
Data processing services	16,000	16,000	15,767	(233)
Repair & maint - office equip	200	200	360	160
Out of town expense	2,500	2,500	2,884	384
Sundry contractual services	400	400	580	180
Office supplies	5,000	5,000	3,002	(1,998)
Clothing & uniforms	75	75	10	(65)
Other operating supplies	400	400	517	117
Liability insurance	6,550	6,550	6,865	315
Tax refunds	3,500	3,500	2,591	(909)
General purpose equipment	-	-	245	245
Total financial administration	290,878	290,878	287,034	(3,844)
City hall:				
Salaries - regular	27,898	27,898	27,917	19
Salaries - overtime	100	100	41	(59)
OASI	2,142	2,142	1,987	(155)
Health & life insurance	3,568	3,568	3,463	(105)
Retirement	3,231	3,231	3,140	(91)
Workers Compensation	3,560	3,560	398	(3,162)
Electric	27,000	27,000	26,828	(172)
Water & sewer	250	250	156	(94)

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Gas	3,500	3,500	3,577	77
Repair & maint - motor vehicle	200	200	210	10
Repair & maint - grds & imprvm	500	500	436	(64)
Repair & maint - buildings	2,000	2,000	1,750	(250)
Repair & maint - plumb,heat,elec	3,000	3,000	4,076	1,076
Sundry contractual services	250	250	226	(24)
Household & janitorial supplies	10,000	10,000	9,820	(180)
Uniforms	300	300	228	(72)
Other operating supplies	100	100	40	(60)
Building insurance	8,300	10,800	5,801	(4,999)
General purpose equipment	-	6,500	6,500	-
Total city hall	95,899	104,899	96,594	(8,305)
Total general government	1,105,925	1,119,925	1,127,538	7,613
Public safety:				
Police department:				
Salaries - regular	1,070,924	1,070,924	1,081,883	10,959
Salaries - overtime	60,000	60,000	61,690	1,690
OASI	86,516	86,516	81,804	(4,712)
Health & life insurance	211,191	211,191	203,311	(7,880)
Retirement	130,509	130,509	126,444	(4,065)
Worker's compensation	46,200	46,200	53,710	7,510
Unemployment	-	-	436	436
Employee education	6,000	6,000	5,405	(595)
Public relations material	1,500	1,500	1,019	(481)
Employee recognition	500	500	374	(126)
Postage	500	500	1,019	519
Automobile licenses & titles	100	100	53	(47)
Radio & TV services	1,000	1,000	412	(588)
Vehicle tow-in services	2,000	2,000	695	(1,305)
Printing, stationery, etc.	2,200	2,200	2,118	(82)
Subscriptions to periodicals	600	600	1,109	509
Membership & registration fees	1,500	1,500	1,030	(470)
Electric	1,000	1,000	1,062	62
Telephone & fax	7,000	7,000	3,181	(3,819)
Medical services	1,000	1,000	894	(106)
Data processing services	23,000	23,000	11,540	(11,460)
Repair & maint - motor vehicle	12,000	12,000	11,699	(301)
Repair & maint - mach & equip	1,200	1,200	945	(255)
Repair & maint - office equip	1,700	1,700	1,393	(307)
Repair & maint - buildings	500	500	511	11
Repair & maint - plumb,heat,elec	500	500	109	(391)
Out of town expense	7,000	7,000	5,717	(1,283)
Sundry contractual services	3,500	3,500	4,125	625
Office supplies	3,200	3,200	3,279	79
Photography supplies	100	100	-	(100)
Chemical & medical supplies	100	100	57	(43)
Clothing & uniforms	11,650	11,650	14,789	3,139
Fire arm supplies	10,000	10,000	9,987	(13)
Educational supplies	1,500	1,500	1,417	(83)
Other operating supplies	1,000	1,000	82	(918)
Gas, oil, diesel fuel	73,600	73,600	62,730	(10,870)
Motor vehicle parts	5,500	5,500	6,105	605
Tires, tubes, etc	7,500	7,500	6,223	(1,277)

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Building insurance	210	210	395	185
Vehicle insurance	5,800	5,800	5,680	(120)
Liability insurance	950	950	930	(20)
Professional liability ins	16,800	16,800	16,732	(68)
DARE program	20,600	20,600	20,600	-
General purpose equipment	53,100	53,100	50,160	(2,940)
Total police department	1,891,250	1,891,250	1,862,854	(28,396)
Downtown parking:				
Salaries - regular	12,776	12,776	13,125	349
OASI	977	977	1,004	27
Printing, stationery, etc.	1,800	1,800	1,191	(609)
Repair & maint-fine boxes	200	200	-	(200)
Office supplies	300	300	299	(1)
Clothing & uniforms	250	250	226	(24)
Total downtown parking	16,303	16,303	15,845	(458)
Emergency communications:				
Salaries - regular	311,438	311,438	312,312	874
Salaries - overtime	42,750	42,750	47,596	4,846
OASI	27,095	27,095	25,722	(1,373)
Health & life insurance	49,206	49,206	52,103	2,897
Retirement	40,051	40,051	39,073	(978)
Workmen's compensation/unemployment	3,700	3,700	1,062	(2,638)
Employee education	250	250	-	(250)
Employee recognition	300	300	188	(112)
Radio & TV services	100	100	-	(100)
Membership & registration fees	250	250	-	(250)
Telephone & fax	4,200	4,200	3,730	(470)
Medical services	300	300	169	(131)
Data processing services	9,500	9,500	9,150	(350)
Repair & maint - office equip	600	600	662	62
Out of town expense	1,000	1,000	126	(874)
Sundry contractual serivces	500	500	45	(455)
Office supplies	700	700	759	59
Clothing & uniforms	1,600	1,600	707	(893)
Books and educational supplies	250	250	-	(250)
Liability insurance	650	650	637	(13)
General purpose equipment	4,000	4,000	2,245	(1,755)
Total emergency communications	498,440	498,440	496,286	(2,154)
Fire department:				
Salaries - regular	936,878	936,878	896,172	(40,706)
Salaries - overtime	40,000	40,000	59,601	19,601
OASI	74,731	74,731	68,559	(6,172)
Health & life insurance	162,761	162,761	158,599	(4,162)
Retirement	112,732	112,732	103,562	(9,170)
Worker's compensation	33,700	33,700	31,724	(1,976)
Employee education	3,120	3,120	7,164	4,044
Volunteer firemen	200	200	59	(141)
Postage	2,400	2,400	1,875	(525)
Radio & TV services	3,430	3,430	1,824	(1,606)
Printing, stationery, etc.	100	100	-	(100)
Subscriptions to periodicals	100	100	317	217

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Membership & registration fees	2,300	2,300	2,573	273
Electric	5,350	5,350	7,185	1,835
Gas	1,065	1,065	1,011	(54)
Telephone & fax	6,650	6,650	7,432	782
Fire hydrant maintenance	4,500	4,500	3,927	(573)
Medical services	1,000	1,000	1,014	14
Repair & maint - motor vehicle	6,000	6,000	7,821	1,821
Repair & maint - mach & equip	5,000	5,000	5,603	603
Repair & maint - office equip	1,460	1,460	1,470	10
Repair & maint - grds & imprvm	1,000	1,000	69	(931)
Repair & maint - buildings	1,500	1,500	6,257	4,757
Repair & maint - plumb,heat,elec	1,000	1,000	4,008	3,008
Out of town expense	3,538	3,538	3,118	(420)
Meals	2,604	2,604	2,025	(579)
Employee Recognition	300	300	500	200
Sundry contractual services	200	200	68	(132)
Office supplies	700	700	1,147	447
Photography supplies	100	100	-	(100)
Chemical & medical supplies	300	300	296	(4)
Household & janitorial supplies	2,500	2,500	2,661	161
Clothing & uniforms	12,500	12,500	11,005	(1,495)
Educational supplies	4,500	4,500	3,048	(1,452)
Other operating supplies	600	600	511	(89)
Gas, oil, diesel fuel	12,000	12,000	10,668	(1,332)
Tires, tubes, etc	2,500	2,500	240	(2,260)
Small tools	1,500	1,500	1,337	(163)
Building insurance	950	950	1,096	146
Vehicle insurance	4,800	4,800	4,701	(99)
Liability insurance	5,400	5,400	5,289	(111)
General purpose equipment	5,000	5,000	5,295	295
Total fire department	1,466,969	1,466,969	1,430,831	(36,138)
Building inspection:				
Salaries - regular	59,744	59,744	58,399	(1,345)
OASI	4,570	4,570	4,467	(103)
Health & life insurance	36	36	35	(1)
Retirement	4,309	4,309	4,242	(67)
Worker's compensation	2,100	2,100	1,785	(315)
Employee education	500	500	425	(75)
Postage & box rent	800	800	473	(327)
Membership & registration fees	350	350	615	265
Telephone & fax	3,000	3,000	2,014	(986)
Data Processing	4,550	4,550	4,550	-
Repair & maint - motor vehicle	500	500	534	34
Out of town expense	2,400	2,400	854	(1,546)
Recording documents	3,000	3,000	600	(2,400)
Demolition services	10,000	26,500	26,500	-
Property maintenance	3,000	3,000	2,075	(925)
Sundry contractual services	200	200	125	(75)

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Office supplies	950	950	1,287	337
Clothing & uniforms	100	100	-	(100)
Books & educational supplies	2,000	2,000	316	(1,684)
Other operating supplies	500	5,500	5,506	6
Gas, oil, diesel fuel	1,700	1,700	1,056	(644)
Motor vehicle parts	100	100	-	(100)
Vehicle insurance	500	500	490	(10)
Liability insurance	1,200	1,200	1,175	(25)
General purpose equipment	2,500	2,500	-	(2,500)
General Purpose Equipment- Software	-	-	1,275	1,275
Total building inspection	108,609	130,109	118,798	(11,311)
Total public safety	3,981,571	4,003,071	3,924,614	(78,457)
Public works:				
Street maintenance:				
Salaries - regular	575,737	575,737	523,365	(52,372)
Salaries - overtime	11,000	23,000	26,414	3,414
OASI	44,885	44,885	39,658	(5,227)
Health & life insurance	105,132	105,132	96,186	(8,946)
Retirement	67,094	67,094	57,949	(9,145)
Worker's compensation	54,900	54,900	55,151	251
Employee education	400	400	133	(267)
Automobile licenses & titles	100	100	53	(47)
Radio & TV services	2,400	2,400	1,898	(502)
Vehicle tow-in services	100	100	45	(55)
Membership & registration fees	-	-	(50)	(50)
Medical supplies	1,500	1,500	1,827	327
Repair & maint - motor vehicle	1,000	1,000	6,870	5,870
Repair & maint - mach & equip	1,500	30,000	31,826	1,826
Repair & maint - office equip	800	800	681	(119)
Repair & maint - grds & imprvm	250	250	-	(250)
Repair & maint - buildings	2,000	2,000	1,401	(599)
Repair & maint - plumb,heat,elec	1,000	1,000	214	(786)
Out of town expense	500	500	276	(224)
Sundry Contractual- Tree Trimming	10,000	10,000	9,850	(150)
Machinery & equipment rental	1,000	1,000	2,164	1,164
Sundry contractual services	8,000	8,000	10,272	2,272
Office supplies	2,000	2,000	2,425	425
Agricultural supplies	1,200	1,200	3,196	1,996
Chemical & medical supplies	1,500	1,500	204	(1,296)
Food & ice	1,000	1,000	1,024	24
Household & janitorial supplies	1,500	1,500	1,471	(29)
Clothing & uniforms	5,100	5,100	5,131	31
Other operating supplies	5,500	5,500	6,307	807
Gas, oil, diesel fuel	85,000	85,000	75,471	(9,529)
Motor vehicle parts	28,000	28,000	27,432	(568)
Machinery & equipment parts	47,000	47,000	61,427	14,427
Painting supplies	4,500	4,500	3,140	(1,360)
Tires, tubes, etc	15,000	15,000	20,714	5,714
Small tools	3,000	3,000	3,344	344
Sign parts & supplies	10,000	10,000	13,593	3,593
Concrete & cement products	1,200	1,200	1,308	108

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Small hardware, wire & nails	400	400	232	(168)
Metal culverts	3,500	3,500	3,421	(79)
Other metal products	500	500	1,405	905
Lumber	300	300	511	211
Gravel & sand	15,000	15,000	15,482	482
Salt	25,000	31,000	30,980	(20)
Building insurance	650	650	1,721	1,071
Vehicle insurance	4,400	4,400	5,309	909
Liability insurance	2,400	2,400	3,287	887
Drainage improvements	20,000	45,000	45,184	184
General purpose equipment	340,934	340,934	303,629	(37,305)
Total street maintenance	<u>1,513,882</u>	<u>1,585,382</u>	<u>1,503,531</u>	<u>(81,851)</u>
State street aid:				
Asphalt & asphalt products	180,000	210,000	226,254	16,254
General purpose equipment	85,000	85,000	88,559	3,559
Total state street aid	<u>265,000</u>	<u>295,000</u>	<u>314,813</u>	<u>19,813</u>
Street lighting:				
Street & traffic light rental	<u>300,000</u>	<u>300,000</u>	<u>314,854</u>	<u>14,854</u>
City garage:				
Salaries - regular	132,170	132,170	133,627	1,457
Salaries - overtime	2,000	2,000	4,678	2,678
OASI	10,264	10,264	9,866	(398)
Health & life insurance	23,880	23,880	25,461	1,581
Retirement	15,483	15,483	15,615	132
Worker's compensation	6,100	6,100	6,011	(89)
Radio & TV services	800	800	637	(163)
Electric	14,000	14,000	15,216	1,216
Gas	15,500	15,500	14,536	(964)
Telephone & fax	6,000	6,000	6,804	804
Repair & maint - motor vehicle	400	400	39	(361)
Repair & maint - mach & equip	500	500	91	(409)
Repair & maint - office equip	100	100	-	(100)
Repair & maint - buildings	500	500	45	(455)
Repair & maint - plumb,heat,elec	400	400	660	260
Out of town expense	100	100	-	(100)
Equipment rental	100	100	45	(55)
Sundry contractual services	6,000	6,000	6,770	770
Office supplies	300	300	763	463
Chemical & medical supplies	100	100	63	(37)
Food & ice	200	200	274	74
Household & janitorial supplies	600	600	629	29
Clothing & uniforms	1,800	1,800	1,238	(562)
Other operating supplies	4,500	4,500	4,934	434
Gas, oil, diesel fuel	6,500	6,500	6,245	(255)
Motor vehicle parts	1,200	1,200	1,257	57
Machinery & equipment parts	500	500	1,482	982
Tires, tubes, etc	1,000	1,000	678	(322)
Small tools	2,000	2,000	2,086	86
Building insurance	1,150	1,150	839	(311)
Vehicle insurance	430	430	421	(9)
Liability insurance	250	250	245	(5)
General purpose equipment	-	-	2,966	2,966
Total city garage	<u>254,827</u>	<u>254,827</u>	<u>264,221</u>	<u>9,394</u>

*The accompanying notes are an integral part of the financial statements.*



**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Cemetery maintenance:				
Salaries - regular	2,061	2,061	2,672	611
Repair & maint - grds & imprvm	48,000	48,000	45,449	(2,551)
Total cemetery maintenance	50,061	50,061	48,121	(1,940)
Total public works	2,383,770	2,485,270	2,445,540	(39,730)
Health, culture, welfare & recreation:				
Health & animal control:				
Salaries - regular	77,744	77,744	80,789	3,045
Salaries - overtime	2,000	2,000	1,770	(230)
OASI	6,100	6,100	5,906	(194)
Health & life insurance	7,137	7,137	14,755	7,618
Retirement	7,734	7,734	7,494	(240)
Workers Compensation	4,000	4,000	2,517	(1,483)
Unemployment compensation	-	-	96	96
Radio & TV services	100	100	-	(100)
Printing, stationery, etc.	100	100	290	190
Electric	4,500	4,500	4,258	(242)
Gas	1,100	1,100	1,521	421
Telephone & fax	1,500	1,500	1,823	323
Medical, dental & vet services	300	300	211	(89)
Repair & maint - motor vehicle	1,000	1,000	99	(901)
Repair & maint - buildings	1,500	1,500	1,004	(496)
Repair & maint - plumb,heat,elec	1,000	1,000	1,133	133
Euthanasia fees	5,000	5,000	6,285	1,285
Sundry contractual services	400	400	390	(10)
Office supplies	300	300	180	(120)
Photography supplies	100	100	-	(100)
Argricultural supplies	800	800	31	(769)
Chemical & medical supplies	450	450	41	(409)
Household & janitorial supplies	2,000	2,000	2,334	334
Clothing & uniforms	700	700	371	(329)
Gas, oil, diesel fuel	3,700	3,700	3,651	(49)
Motor vehicle parts	600	600	165	(435)
Tires, tubes, etc	800	800	726	(74)
Small tools	300	300	348	48
Building insurance	520	520	377	(143)
Vehicle insurance	225	225	220	(5)
Liability insurance	650	650	637	(13)
General purpose equipment	6,000	6,000	-	(6,000)
Total health & animal control	138,360	138,360	139,422	1,062
Recreation:				
Salaries - administration	48,069	48,069	30,159	(17,910)
Salaries - reception	49,520	49,520	50,903	1,383
Salaries - building maintenance	41,185	41,185	55,687	14,502
Salaries - pool operations	36,531	36,531	40,599	4,068
Salaries - fitness instructors	20,670	20,670	19,509	(1,161)
Salaries - KPAC	50,085	50,085	60,703	10,618
OASI	18,824	18,824	19,175	351
Health & life insurance	16,007	16,007	18,141	2,134
Retirement	7,118	7,118	8,763	1,645
Worker's compensation	6,700	6,700	4,137	(2,563)
Postage	1,250	1,250	1,245	(5)
Membership & registration fees	600	600	50	(550)

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Electric	56,500	56,500	52,370	(4,130)
Water	3,500	3,500	2,633	(867)
Gas	8,500	8,500	10,198	1,698
Telephone & fax	3,125	3,125	3,044	(81)
Medical, dental & vet services	500	500	479	(21)
Repair & maint-equipment	4,000	4,000	2,722	(1,278)
Repair & maint - pool	5,000	5,000	5,053	53
Repair & maint - buildings	3,500	3,500	953	(2,547)
Repair & maint - plumb,heat,elec	20,000	20,000	17,902	(2,098)
Out of town expense	400	400	762	362
KPAC entertainment fees	8,000	8,000	4,346	(3,654)
KPAC events promotion	8,000	8,000	7,657	(343)
Sundry contractual services	5,000	5,000	5,211	211
Office supplies	4,200	4,200	3,067	(1,133)
Identification badge supplies	3,200	3,200	1,982	(1,218)
Chemical & medical supplies	5,000	5,000	5,502	502
Household & janitorial supplies	14,000	14,000	13,094	(906)
Clothing & uniforms	675	675	609	(66)
Other operating supplies	8,500	8,500	9,452	952
Small tools	4,500	4,500	16	(4,484)
KPAC supplies	-	-	4,313	4,313
Building insurance	500	500	338	(162)
Liability insurance	700	700	686	(14)
General purpose equipment	19,000	19,000	11,600	(7,400)
Total recreation	482,859	482,859	473,060	(9,799)
Parks and recreation				
Salaries - regular	293,685	293,685	308,441	14,756
Salaries - memorial pool	48,109	48,109	56,656	8,547
Salaries - recreation	78,520	78,520	89,233	10,713
OASI	32,154	32,154	33,331	1,177
Health & life insurance	51,664	51,664	55,531	3,867
Retirement	37,057	37,057	35,765	(1,292)
Workmen's compensation	19,225	19,225	19,711	486
Unemployment compensation	-	-	754	754
Postage	100	100	59	(41)
Publication of legal notices	400	400	255	(145)
Membership & registration fees	1,500	1,500	551	(949)
Electric	60,000	60,000	60,087	87
Gas	6,000	6,000	6,854	854
Telephone & fax	9,500	9,500	10,306	806
Medical services	2,000	2,000	2,219	219
Repair & maint - motor vehicle	1,500	1,500	1,721	221
Repair & maint - mach & equip	4,200	4,200	4,187	(13)
Repair & maint - grds & imprvm	62,000	62,000	66,022	4,022
Repair & maint - plumb,heat,elec	3,000	3,000	3,426	426
Out of town expense	1,200	1,200	718	(482)
Special events promotion	7,500	7,500	12,344	4,844

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance Over (Under)
Sundry contractual services	4,200	4,200	5,615	1,415
Office supplies	200	200	259	59
Swimming pool concessions	-	-	1,212	1,212
Swimming pool concessions	15,000	15,000	11,832	(3,168)
Agricultural supplies	2,750	2,750	2,433	(317)
Chemical & medical supplies	600	600	827	227
Food & ice	650	650	75	(575)
Household & janitorial supplies	6,000	6,000	6,948	948
Recreation supplies	400	400	455	55
Clothing & uniforms	1,825	1,825	1,896	71
Adult B'Ball & Tennis supplies	400	400	320	(80)
PHCBL supplies	12,000	12,000	12,742	742
Other operating supplies	2,500	2,500	3,345	845
Gas, oil, diesel fuel	24,000	24,000	23,299	(701)
Motor vehicle parts	1,500	1,500	1,551	51
Machinery & equipment parts	4,500	4,500	4,034	(466)
Painting supplies	1,750	1,750	1,675	(75)
Plumbing supplies	1,500	1,500	1,338	(162)
Electrical supplies	2,250	2,250	3,890	1,640
Tires, tubes, etc	2,750	2,750	1,800	(950)
Small tools	1,500	1,500	1,566	66
Concrete & cement products	200	200	201	1
Small hardware, wire & nails	200	200	296	96
Lumber	200	200	84	(116)
Gravel & sand	1,200	1,200	553	(647)
Building insurance	10,700	10,700	8,472	(2,228)
Vehicle insurance	2,800	2,800	2,742	(58)
Liability insurance	6,650	6,650	6,558	(92)
General purpose equipment	101,000	101,000	99,067	(1,933)
Total parks and recreation	<u>928,539</u>	<u>928,539</u>	<u>973,256</u>	<u>44,717</u>
Library:				
Grants to other organizations	<u>142,500</u>	<u>142,500</u>	<u>142,500</u>	<u>-</u>
Total health, culture, welfare and recreation	<u>1,692,258</u>	<u>1,692,258</u>	<u>1,728,238</u>	<u>35,980</u>
Community development:				
Fish fry dignitaries events	2,500	2,500	1,834	(666)
2013 CDBG housing rehab	300,000	400,000	327,576	(72,424)
Industrial development	-	-	1,500	1,500
Website Development	3,600	3,600	1,892	(1,708)
Sidewalk replacement project	25,000	25,000	19,071	(5,929)
Back Alley Paris Project	125,000	-	3,677	3,677
Mixed Drink Tax Settlement	20,000	20,000	23,015	3,015
Tennessee vocational training center	2,500	2,500	4,871	2,371
TRC rent - County share	51,000	51,000	49,599	(1,401)
Co Share of Mixed Drink Tax	12,500	12,500	13,437	937
Erosion Cont - Baily Fk Trib 1	500,000	-	1,598	1,598
CITY HALL RENOVATION	1,150,000	-	-	-
Ag service/thp bldg utilities	6,000	6,000	6,861	861
Annexation projects	100,000	100,000	107,145	7,145
By-pass project	170,000	135,000	134,480	(520)
Total community development	<u>2,468,100</u>	<u>758,100</u>	<u>696,556</u>	<u>(61,544)</u>

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**GENERAL FUND**  
**STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended June 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Debt service:				
Principal capital outlay notes	241,000	241,000	241,000	-
Principal on Lease - Dump Truck	16,317	16,317	16,168	(149)
Principal on Bond Debt- Fire Truck/Annex	96,000	96,000	96,000	-
Principal on Redlg Prom Note	114,583	114,583	114,583	-
Interest on bonded debt	52,300	12,300	11,694	(606)
Interest capital outlay notes	8,500	8,500	5,585	(2,915)
Interest on capital leases	750	750	884	134
Other debt service expense	13,200	13,200	11,778	(1,422)
Total debt service	<u>542,650</u>	<u>502,650</u>	<u>497,692</u>	<u>(4,958)</u>
 Total expenditures	 <u>12,174,274</u>	 <u>10,561,274</u>	 <u>10,420,178</u>	 <u>(141,096)</u>
 Revenues over (under) expenditures	 <u>(2,158,250)</u>	 <u>(644,250)</u>	 <u>(584,685)</u>	 <u>59,565</u>
Other financing sources (uses):				
Transfer - In lieu of taxes - BPU	45,400	45,400	44,288	(1,112)
Proceeds from 2015 multi-purpose bond	2,000,000	350,000	306,857	(43,143)
Proceeds from Fire/Annex bond	100,000	100,000	117,935	17,935
RDA promissory note payments	114,583	114,583	114,583	-
	<u>2,259,983</u>	<u>609,983</u>	<u>583,663</u>	<u>(26,320)</u>
 <b>Net changes in fund balances</b>	 <b><u>\$ 101,733</u></b>	 <b><u>\$ (34,267)</u></b>	 <b><u>(1,022)</u></b>	 <b><u>\$ 33,245</u></b>
 Fund balances - beginning			1,233,393	
Prior period adjustment			<u>(152,021)</u>	
Total fund balances - beginning (as restated)			1,081,372	
 Fund balances - ending			<u>\$ 1,080,350</u>	

*The accompanying notes are an integral part of the financial statements.*

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Paris, Tennessee (the City), operates under a City Manager-Commission form of government and provides the following services as authorized by its charter: public safety (police and fire), building inspection, planning and zoning, street maintenance, sanitation, cemetery maintenance, health, parks and recreation, electric, water and sewerage, and general administrative services. As required by generally accepted accounting principles, these financial statements present all funds which comprise the City. The City has one blended component unit reported as the Paris Housing Corporation (the Corporation). The Corporation provides services entirely to the City or for the benefit of the City and its constituents. The Corporation also works with the City on housing rehab exclusively in the City limits.

The City is responsible for appointing some or all of the members of other organizations, but the City's accountability for these organizations does not extend beyond making appointments. The appropriations to organizations for which the City Commission appoints members for the year ended June 30, 2015, are as follows:

Organization	Appropriation
Paris-Henry County Industrial Committee	\$ 55,000
Paris-Henry County Veterans Service Board	\$ 4,264
Paris-Henry County Library Board	\$ 142,500

**B. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The City reports the following major proprietary funds:

The electric fund accounts for the activities of the government's electric distribution operations.

The water fund accounts for the activities associated with the water distribution system.

The sewer fund accounts for the activities associated with the sewage treatment plant, sewage pumping stations and collection system.

Additionally, the City reports the following fund types:

The fiduciary funds are used to account for receipts of investment earnings from an endowment and payments for cemetery maintenance. The fiduciary funds of the City are the cemetery endowment fund, Paris Board of Public Utilities Trust, Inc., and the deferred compensation fund.

The financial statements of the city have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's System divisions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the electric, water, and sewer funds are charges for sales to customers for sales and service. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance**

***Deposits and Investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months. Cash resources of all governmental funds are pooled and are invested to the extent possible in certificates of deposit. All interest earned on this pool is allocated to the General Fund except where legal restrictions require the earnings to be allocated to the source from which the cash originated.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements and the state's investment pool.

Investments for the City are reported at fair value.

***Receivables and Payables***

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. However, any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections. Court fines receivable are also shown net of an allowance for uncollectibles. The allowance is recorded based on management's estimate of what portion of the outstanding receivable will be collected in the future

The allowances for uncollectible customer accounts recorded in the proprietary funds are based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

the proprietary funds are recorded by the direct write-off method which approximates the allowance method. This is not in accordance with generally accepted accounting principles but does not materially affect the statements.

Property taxes are lienied and levied annually on January 1<sup>st</sup> and October 1<sup>st</sup>, respectively. The taxes are mailed on October 1<sup>st</sup> and are considered to be due and payable from the following October 1<sup>st</sup> through February 28<sup>th</sup> in the year succeeding the tax levy. Taxes become delinquent as of March 1<sup>st</sup> of the year after levied. Taxes uncollected by April 1<sup>st</sup> of the 2<sup>nd</sup> year they are due are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

***Inventories and Prepaid Items***

Inventories are valued at lower of average cost or market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***Restricted Assets***

Certain proceeds of the City's proprietary fund bond issues, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The City elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

***Capital Assets***

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 for equipment and \$10,000 for land improvements, infrastructure, and buildings and an estimated useful life in excess of three years. All land, construction in progress, and works of art will be included. The electric, water, and sewer funds use a threshold of \$1,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Capital assets of the City are depreciated using the straight line method over the following useful lives:

Buildings	20 - 40 years	Infrastructure	20 - 25 years
Improvements other than buildings	20 years	Distribution plant	12.5 - 50 years
Machinery and equipment	3 - 20 years	General plant	6.25 - 50 years
Furniture and fixtures	12 - 15 years	Treatment plant	12.5 - 50 years



**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

***Unavailable/Unearned Revenue***

Amounts that were receivable and measureable as of June 30, 2015, but were not available to finance expenditures for the year ended June 30, 2015 are considered to be unavailable revenues in the governmental funds. Revenue recognition is also postponed in connection with resources that have been received, but not yet earned (unearned revenue).

***Compensated Absences***

The governmental funds' employees accumulate vacation days and in the event of termination, employees are reimbursed for accumulated vacation up to a maximum of 36 days. They are paid at the end of each fiscal year for the unused vacation days in excess of the allowable maximum, limited to 50% of the actual days accrued during that year.

Proprietary funds accrue a liability for vacation in the period it is earned by the employees. The employees are allowed to accumulate vacation to a maximum of 36 days and are reimbursed for such accumulation in the event of termination.

All City employees may accumulate sick leave up to a maximum of 60 days. The employees retain no vested rights in the leave and are not reimbursed for it upon termination. Sick leave accumulations are not readily determinable, but City officials do not believe such amount at June 30, 2015, exceeds normal accumulation.

***Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are written off completely in the year in which such expenses are incurred in the governmental activities and all proprietary funds except for the electric, water, and sewer funds.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

***Encumbrances***

Material encumbrances, if present at the end of a fiscal year, are recorded as an appropriation from fund balance for all governmental funds. When the expenditures are incurred, the encumbrances are restored to fund balance and the related expenditure is recorded in the appropriate expenditure account. Outstanding encumbrances at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities. Material encumbrances outstanding at year-end are included as expenditures for the budgetary presentations. There were no material encumbrances outstanding at June 30, 2015.

***Impact of Recently Issued Accounting Pronouncements***

In June 2012, the GASB issued Statement No. 67, *Financial Reporting for Pension Plans – an amendment of GASB Statement No. 25*, and Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. Statement No. 67, effective for fiscal years beginning after June 15, 2013, revises existing standards of financial reporting by state and local government pension plans and will be adopted by the pension plan itself. Statement No. 68

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

will affect the governments that participate as employers in these plans and is effective for fiscal years beginning after June 15, 2014. For governments to adopt Statement No. 68, the underlying pension plans must first adopt Statement No. 67. These statements establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. Statement No. 68 details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. These pension standards include significant changes to how governmental employers will report liabilities related to pension obligations. The implementation of GASB Statement No. 68 resulted in the presentation of net pension liability and deferred inflows/outflows of resources on the statement of net position that previously had not been reported.

In November 2013, the GASB issued Statement 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts. The provisions of the Statement are required to be applied simultaneously with the provisions of Statement 68. Management has implemented this statement and its effects are reported in the current financial statements.

***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension-related items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has property taxes and pension-related items that qualify for reporting in this category.

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Paris' participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Paris' fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Paris Board of Public Utilities' participation in their single employer defined benefit pension plan, and additions to/deductions from Paris Board of Public Utilities' fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purposes, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the retirement plan. Investments are reported at fair value.

***Fund Equity***

The City classifies fund balances in the governmental funds as follows:

***Nonspendable fund balance***

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

***Restricted fund balance***

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

***Committed fund balance***

This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the City Commission of the City of Paris, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

***Assigned fund balance***

This classification included amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The City Commission and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

***Unassigned fund balance***

This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds. Various funds contain a negative unassigned fund balance as of June 30, 2015, due in part to the implementation of GASB Statements No. 68 and 71.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

***Government Wide – Net Position***

Net position is a component of equity and is displayed in the following three components:

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.
- Unrestricted – All other net position that does not meet the description of the above categories.

***Net Position Flow Assumption***

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position**

The reconciliation of the balance sheet of governmental funds to the statement of net position includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including notes and bonds payable, are not due and payable in the current period and therefore are not reported in the funds." The details of this \$(4,038,255) are as follows:

Variable rate bonds payable	\$ 1,236,597
Notes and capital leases payable	1,920,417
Net pension liability	597,754
Compensated absences payable	<u>283,487</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ 4,038,255</u>

Another element of the reconciliation explains that "receivables not available to pay for current expenditures and, therefore, are deferred in the funds." The details of this \$86,201 are as follows:

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Court fines	\$ (5,994)
Property taxes	<u>(80,207)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental activities	<u>\$ (86,201)</u>

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities**

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period." The details of this (\$257,882) difference are as follows:

Capital outlay	\$ 659,293
Loss on sale of capital assets	(772)
Depreciation expense	<u>(916,403)</u>
Net adjustment to reduce net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (257,882)</u>

Another element of that reconciliation states that "Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds." The details of this (\$12,041) difference are as follows:

Other revenues	\$ 497
Unavailable revenue from uncollected property taxes	(10,262)
Unavailable grant revenue	<u>(2,276)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (12,041)</u>

**NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for governmental funds, except that material outstanding encumbrances at the end of the fiscal year are treated as expenditures in that year's budget. Formal budgetary integration is not employed for capital projects funds, as effective control is alternatively achieved through project-length financial plans. The City's policy is to not allow expenditures to exceed budgetary amounts at the fund level without obtaining additional appropriation approval from the City Commission. This policy reflects the legal level of control at which expenditures may not exceed appropriations.

As an extension of the budgetary process, the City Commission may transfer or appropriate additional funds for expenditures not anticipated at the time of budget adoption. These amendments are made in the form of legally adopted ordinances. The City had budget amendments during the year. The City Manager may make transfers within the budget below the

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

legal level of control. All unexpended appropriations lapse at the end of the fiscal year, unless the City Manager authorizes retention. During the year the City did not exceed any of its legally adopted budgets

**NOTE 4 - DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of June 30, 2015, the City had the following business-type investments:

	<u>Cost</u>	<u>Fair Value</u>
Central Service Association	\$ 20	\$ 33,334

Paris Board of Public Utilities has various certificates of deposit which total \$1,238,882 for the year ended June 30, 2015. These are listed on the financial statements as noncurrent investments. The money has been set aside as a bond reserve to cover related debt. During the year, Paris Board of Public Utilities received payment for their share of ownership in the Venale Corporation in the amount of \$67,689. As of June 30, 2015, the City had the following fiduciary investments:

	<u>Weighted Average Maturity (Months)</u>	<u>Fair Value or Carrying Amount</u>
Certificates of deposit	3	\$ 182,835
Deferred compensation program		1,108,795
Total fiduciary investments		<u>\$ 1,291,630</u>

***Credit Risk***

The investments in Central Service Association are authorized under TCA 7-39-101 et seq. The act authorizes a public corporation to own, finance and operate gas and electrical facilities for the purchase, drilling, extraction, production, storage, transportation, distribution and transmission of natural gas or electrical energy, both inside and outside the State of Tennessee. The act also allows for the contracting of the purchase of supplies of electric power and natural gas.

***Custodial Credit Risk***

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2015, all bank deposits were fully collateralized or insured.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**B. Receivables**

Receivables as of the year end for the City's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	Electric Division	Water Division	Sewer Division	Non-major and Other Funds	Total
Receivables:						
Property taxes	\$1,296,088	\$ -	\$ -	\$ -	\$ -	\$ 1,296,088
Accounts	203,041	1,930,795	60,300	26,377	148,388	2,368,901
Grants	2,600	-	-	-	-	2,600
Intergovernmental	1,099,219	-	-	-	-	1,099,219
Other	-	367,986	26,055	8,648	56,750	459,439
Gross receivables	2,600,948	2,298,781	86,355	35,025	205,138	5,226,247
Less: Allowance for uncollectibles	(51,064)	(53,017)	-	-	-	(104,081)
Net total receivables	<u>\$2,549,884</u>	<u>\$2,245,764</u>	<u>\$ 86,355</u>	<u>\$ 35,025</u>	<u>\$ 205,138</u>	<u>\$ 5,122,166</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of deferred inflows of resources in the governmental funds were as follows:

	Unavailable	Unavailable/ Unearned	Total
Delinquent property taxes receivable (net)	\$ 80,207	\$ -	\$ 80,207
Court fines receivable	5,994	-	5,994
2015 property tax assessment	-	1,169,808	1,169,808
Total deferred inflows of resources for governmental funds	<u>\$ 86,201</u>	<u>\$ 1,169,808</u>	<u>\$ 1,256,009</u>

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Governmental activities:				
Capital assets, not being depreciated				
Land	1,375,246	-	-	1,375,246
CIP	867,267	-	867,267	-
Total capital assets, not being depreciated	<u>2,242,513</u>	<u>-</u>	<u>867,267</u>	<u>1,375,246</u>
Capital assets, being depreciated				
Buildings	8,025,400	6,500	-	8,031,900
Improvements other than buildings	2,610,789	68,749	-	2,679,538
Furniture and fixtures	182,424	2,337	1,599	183,162
Machinery and equipment	6,473,684	581,709	39,915	7,015,478
Infrastructure	74,322,186	867,267	-	75,189,453
Total capital assets, being depreciated	<u>91,614,483</u>	<u>1,526,562</u>	<u>41,514</u>	<u>93,099,531</u>
Less: Accumulated depreciation for:				
Buildings	3,135,990	188,094	-	3,324,084
Improvements other than buildings	1,222,573	77,945	-	1,300,518
Furniture and fixtures	139,291	10,653	827	149,117
Machinery and equipment	4,922,990	359,533	39,915	5,242,608
Infrastructure	72,086,354	280,178	-	72,366,532
Total accumulated depreciation	<u>81,507,198</u>	<u>916,403</u>	<u>40,742</u>	<u>82,382,859</u>
Total capital assets, being depreciated, net	<u>10,107,285</u>	<u>610,159</u>	<u>772</u>	<u>10,716,672</u>
Governmental activities capital assets, net	<u>\$ 12,349,798</u>	<u>\$ 610,159</u>	<u>\$ 868,039</u>	<u>\$ 12,091,918</u>



**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

	Balance July 1, 2014	Additions	Disposals	Balance June 30, 2015
Business-type activities:				
Capital assets, not being depreciated				
Land - sanitation	\$ 222,428	\$ -	\$ -	\$ 222,428
Land - treatment plant	455,416	33,002	15,184	473,234
Land - distribution plant	582,053	42,453	-	624,506
Land - general plant	185,006	25,361	-	210,367
Construction in progress	1,666,345	524,810	1,027,999	1,163,156
Total capital assets, not being depreciated	<u>3,111,248</u>	<u>625,626</u>	<u>1,043,183</u>	<u>2,693,691</u>
Capital assets, being depreciated				
Buildings	30,878	-	-	30,878
Improvements other than buildings	355,718	-	-	355,718
Machinery and equipment	2,040,088	55,695	-	2,095,783
Furniture and fixtures	1,291	-	-	1,291
Treatment plant	9,015,552	121,703	30,279	9,106,976
Distribution plant	74,534,245	6,655,388	547,170	80,642,463
General plant	5,238,837	573,899	389,352	5,423,384
Total capital assets, being depreciated	<u>91,216,609</u>	<u>7,406,685</u>	<u>966,801</u>	<u>97,656,493</u>
Less: Accumulated depreciation for:				
Buildings	30,878	-	-	30,878
Improvements other than buildings	270,030	8,884	-	278,914
Machinery and equipment	1,511,184	174,601	-	1,685,785
Furniture and fixtures	1,291	-	-	1,291
Treatment plant	3,516,284	192,601	45,465	3,663,420
Distribution plant	35,431,061	2,497,918	594,768	37,334,211
General plant	1,700,963	389,409	364,885	1,725,487
Total accumulated depreciation	<u>42,461,691</u>	<u>3,263,413</u>	<u>1,005,118</u>	<u>44,719,986</u>
Total capital assets, being depreciated, net	<u>48,754,918</u>	<u>4,143,272</u>	<u>(38,317)</u>	<u>52,936,507</u>
Total capital assets, net	<u>\$ 51,866,166</u>	<u>\$ 4,768,898</u>	<u>\$ 1,004,866</u>	<u>\$ 55,630,198</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 444,918
Public safety	158,944
Public works	216,132
Health, culture, recreation, and welfare	<u>96,409</u>
Total depreciation expense - governmental activities	<u>\$ 916,403</u>

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Business-type activities:	
Electric	\$ 2,194,998
Water	291,097
Sewer	342,675
Refuse collection	94,147
Landfill	89,338
	<u>3,012,255</u>
Charged to transportation clearing	251,158
	<u>251,158</u>
Total depreciation expense - business-type activities	<u><u>\$ 3,263,413</u></u>

**D. Interfund Receivables, Payables and Transfers**

The composition of interfund balances as of June 30, 2015, is as follows:

Receivable Fund	Payable Fund	Amount
Electric	Water	\$ 116,509
Electric	Sewer	96,200
Water	Electric	181,388
Water	Sewer	66,574
Sewer	Electric	167,703
Sewer	Water	9,037
Sanitation	Landfill	698,358
Total		<u>1,335,769</u>
Governmental activities eliminated		-
Business-type activities eliminated		<u>(1,335,769)</u>
Ending balance between government, business-type, and fiduciary activities		<u><u>\$ -</u></u>

The outstanding balances between funds result from (1) payments made by one fund for another fund that have not been reimbursed as of the year end, and (2) revenues that are collected by one fund for another fund. All interfund receivables listed above will be paid within the next fiscal year.

The City of Paris reports only one transfer for the year ended June 30, 2015. The electric, water and sewer funds transferred \$654,286, \$7,075 and \$36,021, respectively, to the general fund as a payment in lieu of taxes. This is a routine transfer.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**E. Long-term Debt**

General long-term debt at June 30, 2015 is comprised of the following:

TML Variable Rate Bonds, Series 2012, payable in monthly installments ranging from \$90,805 to \$108,000, beginning in June 2014 through June 2023, plus interest at a variable rate, which was 1.05% at June 30, 2015	929,740
TML Variable Rate Bonds, Series 2015, payable in monthly installments ranging from \$37,995 to \$132,080, beginning in May 2016 through May 2020, plus interest at a variable rate, which was 1.18% at June 30, 2015	\$ 306,857
Notes Payable:	
General Obligation Fixed Rate Notes, Series 2003, with interest of 4.45% payable serially through June 30, 2016	48,000
General Obligation Variable Rate Notes, Series 1998, plus interest at a variable rate, with an effect interest rate of 0.27% at June 30, payable serially through June 30, 2019	887,000
Promissory note payable to the Board of Public Utilities, with no interest, payable monthly in September 2014 through June 30, 2023	985,416
	<u>\$ 3,157,014</u>

Long-term debt of the proprietary funds at June 30, 2015 is comprised of the following:

Revenue Bonds:	
Electric System Revenue Bonds, Series 2004, 2.00% to 4.30% interest, payable serially through 2019, unsecured	\$ 1,550,000
Electric System Revenue Bonds, Series 2008, 3.663% interest, payable serially through 2023, unsecured	2,205,000
Electric System Revenue Bonds, Series 2013, variable interest rate, due serially through 2034, unsecured	7,375,000
Notes Payable:	
McKenzie Banking Company, interest payable annually at 3.29%, with principal of \$80,625 due for the next one year and variable amounts due annually for the remaining years until maturity on May 6, 2023, secured by the full faith and credit of the City of Paris and related fund revenues	683,945

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Security Bank and Trust Company, interest payable annually at 3.29%, with principal of \$80,625 due for the next one year and variable amounts due annually for the remaining years until maturity on May 6, 2023, secured by the full faith and credit of the City of Paris and related fund revenues	683,635
McKenzie Banking Company, interest payable annually at 3.29%, with principal of \$44,375 due for the next one year and variable amounts due annually for the remaining years until maturity on May 6, 2023, secured by the full faith and credit of the City of Paris and related fund revenues	376,055
Security Bank and Trust Company, interest payable annually at 3.29%, with principal of \$44,375 due for the next one year and variable amounts due annually for the remaining years until maturity on May 6, 2023, secured by the full faith and credit of the City of Paris and related fund revenues	376,265
Commercial Bank and Trust Company, interest payable semiannually at 2.49%, with principal of \$75,000 due for the next six years and \$80,000 due annually for the next four years until maturity on March 1, 2025, secured by the full faith credit of the City of Paris and related fund revenues	770,000
Rural Development Loan, 0%, due serially through 2018	238,915
Rural Development Loan, 0%, due serially through 2018	225,000
Rural Development Loan, 0%, due serially through 2023	662,910
TML Variable Rate Bonds, Series 2015, payable in monthly installments ranging from \$12,005 to \$41734, beginning in May 2016 through May 2020, plus interest at a variable rate, which was 1.18% at June 30, 2015	96,957
	<u>\$ 15,243,682</u>

On January 28, 2015, the City obtained a loan from the Tennessee Municipal League Bond Pool (Bond Fund) for an amount not to exceed \$2,000,000 with a term of 12 years. The purpose of the loan is to finance the acquisition of equipment for the Public Works Department, drainage improvements, repair and improvement to City Hall, and to pay a portion of the costs of the construction of a transfer station at the Paris-Henry County Landfill. Draws will be made as necessary to fund the development of the project. As of June 30, 2015, the balance of the loan was \$306,857 and 96,957, respectively between the general and sanitation fund.

On May 6, 2011, the System acquired \$3,100,000 in capital improvement loans. These proceeds were used to finance costs associated with a Wastewater improvement project and also a Water improvement project. On August 6, 2008 the System acquired \$600,000 in rural development loans. These proceeds were used to advance approved funding for SKYKITS project which is associated with the Henry Co. Airport. On June 11, 2008, the System issued \$6,050,000 in Electric Revenue Refunding and Improvement Bonds with an average interest rate of 3.663% to advance refund a portion of the System's outstanding Electric System Revenue Refunding and Improvement Bonds, Series 2001. Additionally, the Bonds are being issued to provide funds to finance

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

improvements and extensions to the System's electric distribution system and pay associated costs relating the sale and issuance of the Bonds. Of the \$6,066,280 total net proceeds, \$2,518,017 was deposited in an irrevocable escrow account held by Regions Bank and invested in State and Local Government Securities of the U. S. Treasury to extinguish, defease, and redeem the Refunded Bonds on their respective redemption dates. On November 1, 2004 the System issued \$4,600,000 in Electric System Revenue Bonds with a variable interest rate of 2.00% and 4.30% to provide funds to construct improvements and extensions to the electrical power distribution system and to pay costs of issuance in connection with the issuance of the Bonds. On September 28, 2007 the System acquired \$740,000 in rural development loans. These proceeds were used to advance approved funding for reconstructing a manufacturing facility and purchasing equipment for Institutional Casework, Inc. On September, 28 2012 the System acquired \$740,000 in rural development loans. These proceeds were used to enhance the Bethel University/Henry County Medical Center building project in which a new pedestrian bridge will be constructed to link the old campus to the new campus. On April 5, 2013 the System issued \$920,000 in Water System Revenue Bonds with a fixed interest rate of 2.49% to provide funds to construct improvements and extensions to the water system and to pay costs of issuance in connection with the issuance of the Bonds. On August 6, 2014 the System issued \$8,010,000 in Electric System Revenue Bonds with a variable interest rate of to provide funds to construct improvements and extensions to the electric system and to pay costs of issuance in connection with the issuance of the Bonds.

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2015, including interest payments of \$4,087,559 are as follows:

Year Ending June 30,	Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$ 975,516	\$ 89,134	\$ 1,053,000	\$ 407,540
2017	943,516	76,170	1,094,000	378,253
2018	920,907	65,254	1,131,000	346,652
2019	809,008	54,144	1,163,000	313,239
2020	575,008	42,921	883,813	278,741
2021-2025	1,713,186	68,908	3,088,741	1,067,535
2026-2030	-	-	2,070,000	677,880
2031-2035	-	-	1,980,000	221,188
	<u>\$ 5,937,141</u>	<u>\$ 396,531</u>	<u>\$ 12,463,554</u>	<u>\$ 3,691,028</u>

Total		
Principal	Interest	Total
\$ 2,028,516	\$ 496,674	\$ 2,525,190
2,037,516	454,423	2,491,939
2,051,907	411,906	2,463,813
1,972,008	367,383	2,339,391
1,458,821	321,662	1,780,483
4,801,927	1,136,443	5,938,370
2,070,000	677,880	2,747,880
1,980,000	221,188	2,201,188
<u>\$ 18,400,695</u>	<u>\$ 4,087,559</u>	<u>\$ 22,488,254</u>

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Debt expense associated with the above bond issues was fully written off in the prior year in accordance with GASB 65 for the governmental activities and all business-type activities, except for the electric, water, and sewer funds. The electric, water, and sewer funds will continue to report bond issuance costs and amortize those over the life of the bonds as discussed in Note 1D on page 41. All significant debt covenants and restrictions as set forth in the bond agreements were complied with.

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Revenue bonds	\$ 907,805	\$ 424,792	\$ 96,000	\$ 1,236,597	\$ 273,495
Capital outlay notes	2,276,000	-	355,584	1,920,416	253,000
Capital lease	16,168	-	16,168	-	-
Compensated absences	301,682	-	18,194	283,488	-
	<u>\$ 3,501,655</u>	<u>\$ 424,792</u>	<u>\$ 485,946</u>	<u>\$ 3,440,501</u>	<u>\$ 526,495</u>
Business-type activities:					
Compensated absences	\$ 573,556	\$ 496,616	\$ 414,313	\$ 655,859	\$ 153,834
Revenue bonds payable	12,270,000	96,957	1,140,000	11,226,957	917,005
Premium	97,066	-	6,831	90,235	6,831
Discount	276,235	-	23,520	252,715	23,520
Total bonds payable	12,090,831	96,957	1,123,311	11,064,477	900,316
Notes payable	4,581,422	-	564,697	4,016,725	585,016
Discount	16,573	-	1,542	15,031	1,542
Total notes payable	4,564,849	-	563,155	4,001,694	583,474
Capital leases	42,132	-	42,132	-	-
Accrued closure/post closure	296,274	4,387	-	300,661	-
	<u>\$ 17,567,642</u>	<u>\$ 597,960</u>	<u>\$ 2,142,911</u>	<u>\$ 16,022,691</u>	<u>\$ 1,637,624</u>

**NOTE 5 - OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto liability, errors and omissions and auto physical damage coverage. The City joined the Tennessee Municipal League Risk Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for its policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history.

It is the policy of the City to purchase commercial insurance for the risks of employee dishonesty, worker's compensation and physical damage to its office equipment. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

The Paris Board of Public Utilities (BPU) is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The BPU decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for property, workmen's compensation, and errors and omissions coverage. The BPU joined the Pool, which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The BPU pays annual premiums to the Pool for its property, workmen's compensation and errors and omissions policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The BPU's premiums are calculated based on its prior claims history.

It is the policy of the BPU to purchase commercial insurance for the general liability, auto liability and public officials' liability. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years. There was no significant reduction in insurance coverage during the year.

**B. Contingent Liabilities**

The City does not have any pending litigation that will result in monetary loss.

**C. Power Contract**

The System has a power contract with the Tennessee Valley Authority (TVA) whereby the electric system purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishings, advancing, lending, pledging or otherwise diverting System funds, revenues or property to other operations of the county and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

**D. Closure and Post-closure Care Cost**

State and federal laws and regulations require the City to place a final cover on its Jones Bend Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the City reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$300,661 reported as landfill closure and postclosure care liability at June 30, 2015, represents 20.58% of the estimated capacity of the landfill. The City will recognize the remaining estimated cost of closure and postclosure care of \$1,160,581 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. The City performed closure activities on the Class I area in the year 1997, but the beginning of the statutory postclosure monitoring of this area will not begin until the entire landfill is closed. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

The City operates the landfill under an agreement with Henry County whereby the county reimburses 50% of operating costs of the landfill not recovered through user charges. The City anticipates that 50% of the closure and postclosure costs will be reimbursed by the county at such times as those costs are actually paid. There is a long term receivable for \$150,330 on the financial statements for the portion of the liability attributable to the County.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**E. Employee Retirement Systems and Pension Plans**

**Plan Description – The City**

Employees of Paris are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publically available financial report that can be obtained at [www.treasury.tn.gov/tcrs](http://www.treasury.tn.gov/tcrs).

**Benefits Provided**

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**Employees Covered by Benefit Terms**

At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Active employees	109
Inactive employees or beneficiaries currently receiving benefits	68
Inactive employees entitled to but not yet receiving benefits	74
Total employees covered by the Plan	251

**Contributions**

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Paris makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2015, employer contributions for Paris were \$497,845 based on a rate of 11.54% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Paris' state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and



**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

**Net Pension Liability**

Paris' net pension liability (asset) was measured as of June 30, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

**Actuarial Assumptions**

The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy. The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
U.S. equity	6.46%	33.00%
Developed market international equity	6.26%	17.00%
Emerging market international equity	6.40%	5.00%
Private equity and strategic lending	4.61%	8.00%
U.S. fixed income	0.98%	29.00%
Real estate	4.73%	7.00%
Short-term securities	0.00%	1.00%
		100.00%

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Paris will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total pension liability (TPL)	Plan fiduciary net position	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
<b>Balances as of 6/30/2013</b>	\$ 17,447,977	\$ 14,674,077	\$ 2,773,900
Changes for the year:			
Service Cost	373,591	-	373,591
Interest	1,302,524	-	1,302,524
Difference between expected and actual experience	(694,576)	-	(694,576)
Contributions - employer	-	480,521	(480,521)
Contributions - employee	-	204,744	(204,744)
Net investment income	-	2,413,671	(2,413,671)
Benefit payments, including refunds of employee contributions	(909,162)	(909,162)	-
Administrative expenses	-	(4,787)	4,787
Other	-	-	-
<b>Net changes</b>	<b>72,377</b>	<b>2,184,987</b>	<b>(2,112,610)</b>
<b>Balances as of 6/30/2014</b>	<b>\$ 17,520,354</b>	<b>\$ 16,859,064</b>	<b>\$ 661,290</b>

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension liability (asset) of Paris calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
Interest Rate	6.50%	7.50%	8.50%
Net pension liability	2,797,708	661,290	(1,129,389)

**Pension Expense**

For the year ended June 30, 2015, Paris recognized pension expense of \$33,018.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2015, Paris reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 607,754
Net difference between projected and actual earnings on pension plan investments	-	1,057,353
Contributions subsequent to the measurement date of June 30, 2014	497,845	-
Total	<u>\$ 497,845</u>	<u>\$ 1,665,107</u>

The amount shown above for “contributions subsequent to the measurement date of June 30, 2014,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Amortized
2016	(351,160)
2017	(351,160)
2018	(351,160)
2019	(351,160)
2020	(86,822)
Thereafter	(173,644)

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

**Payable to the Pension Plan**

At June 30, 2015, Paris reported a payable of \$61,422 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

**Pension Plans – The Board of Public Utilities – Paris, TN**

The Board of Public Utilities – Paris, TN (the System), which includes the Electric, Water, and Sewer Divisions participates in three pension plans: a defined benefit plan, a deferred compensation plan, and a defined contribution profit sharing plan. Otherwise eligible employees may not participate in both the defined benefit plan and the deferred compensation and defined contribution plans.

**Defined benefit plan**

*Plan Description:* The Pension Plan for Employees of the Board of Public Utilities - Paris, Tennessee (“the Plan”) is a single employer defined benefit retirement plan administered by an appointed committee within the System for the employees of Paris Board of Public Utilities. With the exception of maximum contribution rates, which are set forth in the statutes, required contributions and benefit provisions are established and amended by the appointed committee within the System.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

The Plan was established October 1, 2006 and restated and amended effective July 1, 2008. Effective July 1, 2009, the Plan was amended to freeze participation in the Plan with respect to any employee who was not a participant in the Plan on June 30, 2009.

The Plan issues a publicly available report that can be obtained by contacting Paris Board of Public Utilities; 117 E. Washington Street, Paris, TN 38242.

*Benefits Provided.* The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries.

**Normal retirement benefit.** The right of a Participant to his normal retirement Pension shall be nonforfeitable upon the Participant attaining his Normal Retirement Age. A Participant may retire from service on a normal retirement Pension beginning on his Normal Retirement Date or he may postpone his retirement and remain in service after his Normal Retirement Date.

The annual normal retirement pension payable to the Participant upon his retirement as an Eligible Employee on his Normal Retirement Date on the Normal Form of payment, shall be equal to the product of items (1) and (2) where:

- (1) equals 2.35 percent of the Participant's Average Annual Earnings, multiplied by
- (2) his years of Credited Service.

provided, however, that, solely with respect to any Employee who either 1) is hired by the System on or after January 1, 2008, or 2) is a Participant in the Plan on January 1, 2008, but is not yet Vested in his Employer Derived Benefit as of such date, Credited Service shall be limited to a maximum of 30 years.

The normal retirement Pension shall never be less than the greatest amount of reduced early retirement Pension that the Participant could have received under Section 5.2 before his Normal Retirement Date.

In no event will the normal retirement Pension payable to a Participant be less than his Employee Derived Benefit.

**Early retirement.** Any Participant, who has attained his Early Retirement Age, may elect to retire on an Early Retirement Date after the Committee receives his written application to retire. In the event that a Participant makes such an election, he shall be entitled to receive an early retirement Pension equal to his Vested Accrued Benefit reduced by 0.4 percent for each full calendar month by which his Annuity Starting Date precedes his Normal Retirement Date.

However, in the event a Participant is at least age 60 on his Annuity Starting Date and is credited with at least 20 years of Credited Service, his early retirement Pension shall not be subject to a reduction.

**Full Early Retirement Pension.** A Participant who elects early retirement and who has both (i) attained age sixty (60), and (ii) has at least 20 years of Credited Service, shall receive a full early retirement Pension on his Full Early Retirement Date equal to his Accrued Benefit with no reduction for early commencement.

**Late Retirement Pension.** A Participant may continue in employment beyond his Normal Retirement Date. In such event, no retirement benefit will be paid to the Participant until he actually retires, subject to any required minimum distributions.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

The amount of retirement benefit payable to the Participant at his Late Retirement Date is the amount determined for the Normal Retirement Pension, as in effect on the Participant's Retirement Date, subject to the adjustments in the following paragraph:

On each Determination Date following the Participant's Normal Retirement Date, an amount will be determined equal to the greater of (1) or (2), below where:

- (1) is the amount of annual Pension benefit accrued to the Determination Date, based on the Participant's Credited Service and Average Annual Earnings as of that date; and
- (2) is the amount determined as of the previous Determination Date, adjusted by the appropriate late retirement adjustment factor; provided, however, that no further adjustments shall be made to a Participant's normal retirement benefit in accordance with this subparagraph after the earlier of (i) the Participant's Annuity Starting Date, or (ii) the actual date the Participant terminates employment with the Employer.

The Determination Date is the last day of the Plan Year following the Participant's Normal Retirement Date, except that the first Determination Date is the Participant's Normal Retirement Date.

However, each Plan Year during which a Participant is still an Employee following his Normal Retirement Date and receives retirement benefit payments as required by the provisions of this Plan, the calculation above shall be modified as follows. As of the date that the retirement benefit payments commence, no further late retirement adjustment factors shall be applied. Retirement benefits shall continue to accrue, based on certain provisions and the Participant's Credited Service and Average Annual Earnings as of the end of any such Plan Year, but such additional accruals shall be reduced (but not below zero) by the Actuarial Equivalent of total retirement benefit payments made under this Plan to such Participant by the end of the applicable Plan Year.

**Normal form of distribution.** The retirement benefit payable to a Participant shall be paid in the Normal Form; provided, however, a Participant may elect an optional form of payment pursuant to the provisions of the Plan.

At June 30, 2014, the following employees were covered by the Plan:

Active employees	48
Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	16
Total employees covered by the Plan	<u>103</u>

**Contributions.** Required contributions are determined by the USI Consulting Group based on actuarial calculations performed by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Each Participant who is contributing to the Plan as of October 2006, and each other current and future Eligible Employee who becomes eligible for participating in the Plan shall contribute to the Plan 1.5 percent of his Earnings. Payment of such contributions shall be by regular payroll deduction, and shall begin as of the first day of the month the Participant enters the Plan. Except as otherwise provided by the Plan, payment of such contributions shall cease upon the Participant's retirement or other termination of employment.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Notwithstanding the provisions above, all mandatory contributions made by Participants with respect to Credited Service earned on and after October 1, 1992, shall be deemed to be made by the Employer as Pick Up Contributions. A Participant shall not be permitted to make any voluntary contributions to the Plan.

*Net Pension Liability:* The System's net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

***Methods and assumptions used to determine contribution rates:***

Actuarial cost method:	Individual Entry-Age Normal
Year of service subsequent to valuation date:	It is assumed that each participant will earn one year of service in each future year.
Asset valuation:	Market value of assets adjusted with asset gains and losses over a 5 year period.
Termination or withdraw from service:	Graduated rates.
Compensation increases:	Employee compensation is assumed to increase at 4.00% per year.
Interest:	7.75% per year, compounded annually.
Age of retirement:	It is assumed early retirement occurs according to the withdraw rate table; others at normal retirement age. Participants who are age 65 or older are expected to retire at the end of the plan year. Board Members are assumed to terminate at the end of their term.
Mortality:	Post-Retirement, Pre-Retirement, and Disability - IRS 2014 Combined Static Mortality
Probability of disability:	Graduated rates.
Assumed age of commencement for deferred vested benefits:	Age 65

The actuarial assumptions used in the June 30, 2014 valuation were based on results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. In addition, mortality rates were based on the IRS 2014 Combined Static Mortality Table.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Large Value	11.75%	11.30%
Large Growth	11.75%	10.63%
Mid-cap Value	3.75%	13.37%
Mid-Cap Growth	3.75%	12.50%
Small Value	3.75%	12.37%
Small Growth	3.75%	10.85%
Foreign Large Growth	4.75%	6.31%
World Stock	4.75%	8.93%
Diversified Emerging Markets	4.50%	9.62%
Convertibles	3.00%	10.05%
Real Estate	5.00%	12.74%
Market Neutral	3.00%	2.94%
World Bond	7.50%	6.06%
High Yield Bond	5.00%	8.58%
Intermediate-Term Bond	8.00%	6.34%
Intermediate Government	4.00%	5.44%
Short-Term Bond	4.00%	4.69%
Short Government	2.00%	4.46%
Bank Loan	5.00%	5.94%
Money Market Taxable	1.00%	2.94%
<b>Capital Market Expectation</b>		<b>8.81%</b>

The asset allocations as well as their market values are summarized in the following table:

	Market Value	Percentage of Total
Cash equivalents	\$ 256,285	2.02%
Equities	7,675,680	60.54%
Fixed Income	4,746,031	37.44%
Total	\$ 12,677,996	100.00%

The contributions to this plan for the year ended June 30, 2015, by the employer were \$1,536,000. The System's payroll for employees covered by the Plan was \$3,498,875.

*Discount Rate.* The discount rate used to measure the total pension liability was 7.75 percent. The projection of cash flows used to determine the discount rate assumed that employees contribute to the plan and that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Changes in System's Net Pension Liability.* Changes in the System's net pension liability for the year ended June 30, 2014 were as follows:

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

	Increase (Decrease)		
	Total pension liability (TPL)	Plan fiduciary net position	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
<b>Balances as of 6/30/2013</b>	\$ 19,348,217	\$ 10,901,706	\$ 8,446,511
Changes for the year:			
Service Cost	158,013	-	158,013
Interest	1,461,917	-	1,461,917
Difference between actual and expected	136,793	-	136,793
Contributions - employer	-	1,461,000	(1,461,000)
Contributions - employee	-	-	-
Net investment income	-	1,627,896	(1,627,896)
Benefit payments	(1,310,030)	(1,310,030)	-
Administrative expenses	-	(2,576)	2,576
Other	-	-	-
<b>Net changes</b>	<u>446,693</u>	<u>1,776,290</u>	<u>(1,329,597)</u>
<b>Balances as of 6/30/2014</b>	<u>19,794,910</u>	<u>12,677,996</u>	<u>7,116,914</u>

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate.* The following presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease	Current Rate	1% Increase
Interest Rate	6.75%	7.75%	8.75%
Net pension liability	9,593,768	7,116,914	5,043,240

*Plan Fiduciary Net Position.* Detailed information about the Plan's fiduciary net position is available in the separately issued Paris Board of Public Utilities Pension Plan financial report.

*Pension, Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources.* For the year ended June 30, 2014, the System recognized pension expense of \$637,520. At June 30, 2014, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 115,780	\$ -
Net difference between projected and actual earnings on Plan investments	-	621,897
Contributions subsequent to the measurement date of June 30, 2014	1,536,000	-
<b>Total</b>	<u>\$ 1,651,780</u>	<u>\$ 621,897</u>

*The amounts shown above for "Contributions subsequent to the measurement date of June 30, 2014" will be recognized as a reduction to net pension liability in the following measurement period.*



**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amortized</u>
2015	(134,461)
2016	(134,461)
2017	(134,461)
2018	(134,462)
2019	21,013
Thereafter	10,715

**Deferred compensation plan**

Effective July 1, 2009, the System established a deferred compensation plan known as the Board of Public Utilities - Paris, Tennessee Deferred Compensation Plan in accordance with Internal Revenue Code Section 457. The deferred compensation plan is available to all System employees, except those participating in the defined benefit plan described above unless such employee's credited service has reached the maximum accrual limit under the defined benefit plan. Eligible employees may participate and defer compensation under this plan as of the first day of July or January coinciding with or following the beginning date of employment. Maximum amounts of annual deferrals to the deferred compensation plan are governed by the Internal Revenue Code Section 457(e)(15).

**Defined contribution plan**

Effective July 1, 2009, the System established a defined contribution profit sharing plan available to substantially all employees except those ineligible due to participation in the defined benefit plan described above unless such employee's credited service has reached the maximum accrual limit under the defined benefit pension plan. The establishment of the profit sharing plan resulted in the creation of a Trust Fund to hold and manage the assets of the plan and a Trustee, Commercial Bank and Trust Company. As required by the defined contribution plan document, the System must contribute 5% of the compensation of all participants eligible to share in allocations. In addition, the System is required to contribute 100% of the first 5% of compensation on behalf of each participant contributing to the deferred compensation plan described above.

**F. Other Post Employment Benefits**

**Plan description**

The System sponsors a single-employer, defined benefit post-retirement medical plan. The plan provides medical, prescription, and death benefits to eligible retirees and their spouses. A copy of the stand-alone Actuarial Valuation Report can be obtained at the System's office.

**Funding policy**

The System intends to continue its policy of funding OPEB liabilities on a pay-go basis and to not pre-fund any unfunded annual required contribution as determined under GASB-45.

**Annual OPEB cost and net OPEB obligation**

The System's annual other post-retirement benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

table shows the components of the System's annual OPEB cost for the 2015 fiscal year ended, the amount actually contributed to the plan, and changes in the System's net OPEB Obligation.

Components of Net OPEB Obligation	
Annual Required Contribution	\$ 18,913
Interest on net OPEB	563
Adjustment to Annual Required Contribution	<u>(750)</u>
Annual OPEB Cost (Expense)	18,726
Contribution and Subsidy	<u>(22,200)</u>
Increase in Net Obligation	(3,474)
Net OPEB Obligation (BOY)	<u>12,501</u>
Net OPEB Obligation (EOY)	<u><u>\$ 9,027</u></u>

The System's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009-2015 is as follows:

Fiscal Year Ended	Annual OPEB cost	OPEB cost Contributed	NET OPEB Obligation
6/30/2015	\$ 18,726	118.50%	\$ 9,027

**Funded status and funding progress**

As of July 1, 2014, the plan was 0% funded. The actuarial accrued liability for benefits was \$205,784 and the actuarial value of assets was \$0 resulting in an unfunded actuarial accrued liability (UAAL) of \$205,784. The covered payroll (annual payroll of active employees covered by the plan) was \$3,498,875 and the ratio of the UAAL to the covered payroll was 5.88%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial methods and assumptions**

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses),

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan assets at the valuation date, and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 5.0% after three years. The actuarial value of assets was determined using a standard balanced portfolio expectation for retirement plan asset returns. The UAAL is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at July 1, 2014 was 24 years.

**G. Restatement of Beginning Net Position – GASB Statement No. 68 and 71 Implementation**

As of July 1, 2014, a restatement of beginning net position was made for net pension liability and deferred outflows related to the City and System implementing GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The implementation of GASB Statements No. 68 and 71 resulted in the City and System restating net position by \$2,073,032 in the governmental activities and \$7,205,858 in the business-type activities and proprietary fund financial statements with a measurement date of June 30, 2014. The net effect of this restatement of beginning net position resulted in a decrease in the July 1, 2014 net position in the amount of \$9,278,890.

**H. Prior Period Adjustment**

As of July 1, 2014, prior period adjustments were made in the governmental activities portion of the Statement of Activities and the governmental fund financial statements for the following reasons:

- The prior year's payroll entries were incorrectly posted during the 2015 fiscal year. These entries were correctly moved into the proper year by decreasing net position and fund balance by \$152,021.

As of July 1, 2014, period adjustments were made in the business-type activities portion of the Statement of Activities and proprietary fund financial statements for the following reasons:

- The gain on the sale of trucks recorded in accumulated depreciation during the year end June 30, 2014 of \$88,925 has been reclassified by debiting gain on sale and crediting net position and fund balance. In the future, all gains from the sale of trucks will be recorded in miscellaneous non-operating revenue. Due to the System maintaining individual fleet records, along with software capabilities to maintain individual fleet records, the System is able to track gains/losses on each individual fleet item. Therefore, the gains/losses are processed through miscellaneous non-operating income, which has been approved through multiple TVA field accountants. In addition, trucks are not sold and purchased at the same time, which complicates the processing of gains/losses recorded through the accumulated depreciation account.
- The prior year's payroll entries were incorrectly posted during the 2015 fiscal year. These entries were correctly moved into the proper year by decreasing net position and fund balance by \$17,152.

**CITY OF PARIS, TENNESSEE**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2015

**I. Subsequent Events**

The Water Department has been approved to receive State Revolving Loans for the purpose of building a new Water Treatment Plant. The total project cost is expected to be around \$4,000,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF CHANGES IN PARIS' NET PENSION LIABILITY (ASSET) AND RELATED**  
**RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
For the Year Ended June 30, 2015

<b>Measurement Period Ended</b>	<b><u>June 30, 2014</u></b>
<b>Total pension liability</b>	
Service cost	\$ 373,591
Interest	1,302,524
Changes in benefit terms	-
Difference between actual & expected experience	(694,576)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	<u>(909,162)</u>
<b>Net change in total pension liability</b>	72,377
<b>Total pension liability - beginning</b>	<u>17,447,977</u>
<b>Total pension liability - ending (a)</b>	<u><u>\$ 17,520,354</u></u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 480,521
Contributions - employee	204,744
Net investment income	2,413,671
Benefit payments, including refunds of employee contributions	(909,162)
Administrative expense	<u>(4,787)</u>
<b>Net change in plan fiduciary net position</b>	2,184,987
<b>Plan fiduciary net position - beginning</b>	<u>14,674,077</u>
<b>Plan fiduciary net position - ending (b)</b>	<u><u>\$ 16,859,064</u></u>
 <b>Net Pension Liability (Asset) - ending (a) - (b)</b>	<u><u>\$ 661,290</u></u>
 <b>Plan fiduciary net position as a percentage of total pension liability</b>	96.23%
 <b>Covered - employee payroll</b>	\$ 4,068,766
 <b>Net pension liability (asset) as a percentage of covered-employee payroll</b>	16.25%

This is a 10-year schedule; however the information in this schedule is not required to be presented retroactively.  
Years will added to this schedule in future fiscal years until 10 years of information is available.

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF PARIS' CONTRIBUTIONS**  
**BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS**  
Last Fiscal Year Ending June 30,

	<u>2014</u>	<u>2015</u>
Actuarially determined contribution	\$ 480,521	\$ 497,845
Contributions in relation to the actuarially determined contributions	<u>480,521</u>	<u>497,845</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Covered-employee payroll	\$ 4,068,766	\$ 4,314,079
Contributions as a percentage covered-employee payroll	11.81%	11.54%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF NOTES TO PENSION REQUIRED SUPPLEMENTARY**  
**INFORMATION**

For the Year Ended June 30, 2015

**Notes to Schedule:**

*Valuation Date* : Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	9 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.5 percent

*See independent auditor's report.*



**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION**  
**LIABILITY (ASSET) AND RELATED RATIOS BASED ON**  
**PARTICIPATION IN THE SINGLE EMPLOYER DEFINED BENEFIT**  
**PENSION PLAN**

For the Year Ended June 30, 2015

**Utility System**

<b>Measurement Period Ended</b>	<b>June 30, 2014</b>
<b>Total pension liability</b>	
Service cost	\$ 158,013
Interest	1,461,917
Changes in benefit terms	-
Differences between actual & expected experience	136,793
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(1,310,030)
<b>Net change in total pension liability</b>	446,693
<b>Total pension liability - beginning</b>	19,348,217
<b>Total pension liability - ending (a)</b>	<u>\$ 19,794,910</u>
 <b>Plan fiduciary net position</b>	
Contributions - employer	\$ 1,461,000
Contributions - employee	-
Net investment income	1,627,896
Benefit payments, including refunds of employee contributions	(1,310,030)
Administrative expense	(2,576)
Transfers	-
<b>Net change in plan fiduciary net position</b>	1,776,290
<b>Plan fiduciary net position - beginning</b>	10,901,706
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 12,677,996</u>
 <b>Net pension liability (asset) - ending (a) - (b)</b>	\$ 7,116,914
 <b>Plan fiduciary net position as a percentage of the total pension liability</b>	64.05%
 <b>Covered-employee payroll</b>	\$ 2,630,497
 <b>Net pension liability as a percentage of covered-employee payroll</b>	270.55%

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION**  
**IN THE SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN**  
Fiscal Year Ending June 30,

<b>Utility System</b>		
	<b>2014</b>	<b>2015</b>
Actuarially determined contribution	\$ 917,556	\$ 768,659
Contributions in relation to the actuarially determined contribution	<u>1,461,000</u>	<u>1,536,000</u>
Contribution deficiency (excess)	<u>\$ (543,444)</u>	<u>\$ (767,341)</u>
<b>Covered-employee payroll</b>	\$ 2,630,497	\$ 3,498,875
<b>Contributions as a percentage of covered-employee payroll</b>	55.54%	43.90%

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF NOTES TO PENSION REQUIRED SUPPLEMENTARY**  
**INFORMATION**  
For the Year Ended June 30, 2015

---

**Utility System**

---

**Notes to Pension Required Supplementary Information**

*Valuation Date:* Actuarially determined contribution rates for 2015 were calculated based on the June 30, 2014 actuarial valuation.

***Methods and assumptions used to determine contribution rates:***

Actuarial cost method:	Individual Entry-Age Normal
Year of service subsequent to valuation date:	It is assumed that each participant will earn one year of service in each future year.
Asset valuation:	Market value of assets adjusted with asset gains and losses over a 5 year period.
Termination or withdraw from service:	Graduated rates.
Compensation increases:	Employee compensation is assumed to increase at 4.00% per year.
Interest:	7.75% per year, compounded annually.
Age of retirement:	It is assumed early retirement occurs according to the withdraw rate table; others at normal retirement age. Participants who are age 65 or older are expected to retire at the end of the plan year. Board Members are assumed to terminate at the end of their term.
Mortality:	Post-Retirement, Pre-Retirement, and Disability - IRS 2014 Combined Static Mortality
Probability of disability:	Graduated rates.
Marital status at benefit eligibility:	Percentage married - Males: 80% Females: 80% Age Difference: Males: Spouses are assumed to be four years younger. Age Difference: Females: Spouses are assumed to be four years older.
Assumed age of commencement for deferred vested benefits:	Age 65

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF FUNDING PROGRESS - POST EMPLOYMENT HEALTHCARE PLAN**  
June 30, 2015

<b>Utility - Schedule of Funding Progress</b>						
Actuarial Valuation Date	Actuarial Value of Assets ( a )	Actuarial Accrued Liability (AAL) ( b )	Unfunded AL (UAAL) ( b ) - ( a )	Funded Ratio ( a/b )	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2015	\$ -	\$ 205,784	\$ 205,784	0.00%	\$ 3,498,875	5.88%
6/30/2014	-	238,065	238,065	0.00%	3,486,501	6.83%
6/30/2012	-	238,065	238,065	0.00%	3,381,065	7.04%

The above schedules are designed to show the extent to which a post employment healthcare plan has been successful over time in setting aside assets sufficient to cover its actuarial accrued liability.

*See independent auditor's report.*

## **SUPPLEMENTARY AND OTHER INFORMATION SECTION**

**CITY OF PARIS, TENNESSEE**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2015

	<b>NONMAJOR</b>		
	<b>Drug Fund</b>	<b>THDA Housing Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash in bank	\$ 81,039	\$ -	\$ 81,039
Accounts receivable	1,207	-	1,207
<b>Total assets</b>	<b>\$ 82,246</b>	<b>\$ -</b>	<b>\$ 82,246</b>
<b>Liabilities</b>			
Accounts payable	\$ 490	\$ -	\$ 490
Total liabilities	490	-	490
<b>Fund Balances</b>			
Restricted	81,756	-	81,756
Total fund balances	81,756	-	81,756
<b>Total liabilities and fund balances</b>	<b>\$ 82,246</b>	<b>\$ -</b>	<b>\$ 82,246</b>

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended June 30, 2015

	<b>NONMAJOR</b>		
	<b>Drug</b>	<b>THDA</b>	
	<b>Fund</b>	<b>Housing</b>	<b>Total</b>
	<b>Fund</b>	<b>Fund</b>	
<b>Revenues</b>			
Fines and forfeitures:			
Drug related fines	\$ 9,618	\$ -	\$ 9,618
Other:			
Interest	11	-	11
Other	37,641	-	37,641
<b>Total revenues</b>	<b>47,270</b>	<b>-</b>	<b>47,270</b>
<b>Expenditures</b>			
Public safety:			
Drug control	46,474	-	46,474
<b>Total expenditures</b>	<b>46,474</b>	<b>-</b>	<b>46,474</b>
Revenues over (under) expenditures	796	-	796
<b>Other financing sources (uses)</b>			
Transfer to other funds	-	(115,900)	(115,900)
<b>Net changes in fund balances</b>	<b>796</b>	<b>(115,900)</b>	<b>(115,104)</b>
Fund balance - beginning	80,960	115,900	196,860
Fund balance - ending	\$ 81,756	\$ -	\$ 81,756

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**DRUG FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
For the Year Ended 30, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
<b>Revenues</b>				
Fines and forfeitures:				
Drug related fines	\$ 8,000	\$ 8,000	\$ 9,618	\$ 1,618
Other:				
Interest	500	500	11	(489)
Other	<u>25,000</u>	<u>25,000</u>	<u>37,641</u>	<u>12,641</u>
Total revenues	<u>33,500</u>	<u>33,500</u>	<u>47,270</u>	<u>13,770</u>
<b>Expenditures</b>				
Current:				
Public safety:				
Drug control:				
Operating supplies	14,000	14,000	4,895	(9,105)
Canine training	750	750	750	-
Canine maintenance	3,000	3,000	1,685	(1,315)
Miscellaneous expenditures	32,900	32,900	28,005	(4,895)
Miscellaneous supplies	4,000	4,000	189	(3,811)
General purpose equipment	<u>44,300</u>	<u>44,300</u>	<u>10,950</u>	<u>(33,350)</u>
Total expenditures	<u>98,950</u>	<u>98,950</u>	<u>46,474</u>	<u>(52,476)</u>
<b>Net changes in fund balances</b>	<u>\$ (65,450)</u>	<u>\$ (65,450)</u>	<u>\$ 796</u>	<u>\$ 66,246</u>
Fund balance - beginning			<u>80,960</u>	
Fund balance - ending			<u>\$ 81,756</u>	

*See independent auditor's report.*



**CITY OF PARIS, TENNESSEE  
CAPITAL PROJECTS FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
For the Year Ended June 30, 2015**

	<u><b>NONMAJOR</b></u>
	<b>THDA Housing Fund</b>
	<u></u>
<b>Other financing sources (uses)</b>	
Transfer to other funds	(115,900)
	<u></u>
<b>Net changes in fund balances</b>	<b>(115,900)</b>
Fund balances - beginning	115,900
	<u></u>
Fund balances - ending	<u>\$ -</u>

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**COMBINING STATEMENT OF NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
June 30, 2015

	<b>NONMAJOR</b>				
	<b>Refuse Collection Fund</b>	<b>Landfill Fund</b>	<b>Paris Housing Corporation Fund</b>	<b>USDA Revolving Loan Fund</b>	<b>Total</b>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 2,096,195	\$ -	\$ 115,391	\$ 27,761	\$ 2,239,347
Receivables:					
Other	-	56,750	-	-	56,750
Accounts	101,837	45,344	-	-	147,181
Due from other funds	698,358	-	-	-	698,358
Inventories	-	-	47,425	-	47,425
Total current assets	<u>2,896,390</u>	<u>102,094</u>	<u>162,816</u>	<u>27,761</u>	<u>3,189,061</u>
Noncurrent assets:					
Other assets:					
Long term accounts receivable - Closure/Post closure liability	-	150,330	-	-	150,330
Notes receivable (less allowance for uncollectible of \$30,553)	-	-	21,833	122,287	144,120
Total other assets	<u>-</u>	<u>150,330</u>	<u>21,833</u>	<u>122,287</u>	<u>294,450</u>
Capital assets (net of accumulated depreciation):					
Land	-	222,428	-	-	222,428
Improvements other than buildings	-	76,804	-	-	76,804
Machinery and equipment	184,448	225,550	-	-	409,998
Work in process	150,799	-	-	-	150,799
Total capital assets (net of accumulated depreciation)	<u>335,247</u>	<u>524,782</u>	<u>-</u>	<u>-</u>	<u>860,029</u>
Total noncurrent assets	<u>335,247</u>	<u>675,112</u>	<u>21,833</u>	<u>122,287</u>	<u>1,154,479</u>
<b>Total assets</b>	<b><u>3,231,637</u></b>	<b><u>777,206</u></b>	<b><u>184,649</u></b>	<b><u>150,048</u></b>	<b><u>4,343,540</u></b>
<b>Deferred outflows of resources</b>					
Pension contributions subsequent to measurement date	<u>33,804</u>	<u>11,450</u>	<u>-</u>	<u>-</u>	<u>45,254</u>
<b>Liabilities</b>					
Current liabilities:					
Accounts payable	66,502	3,693	-	-	70,195
Other accrued expenses	780	942	-	-	1,722
Compensated absences payable	19,721	6,287	-	-	26,008
Due to other funds	-	698,358	-	-	698,358
Current maturities of long-term debt	12,005	-	-	-	12,005
Total current liabilities	<u>99,008</u>	<u>709,280</u>	<u>-</u>	<u>-</u>	<u>808,288</u>
Noncurrent liabilities:					
Net pension liability	46,244	17,292	-	-	63,536
Long term debt (less current maturities)	84,952	-	-	-	84,952
Accrued closure and post closure expenses	-	300,661	-	-	300,661
Total noncurrent liabilities	<u>131,196</u>	<u>317,953</u>	<u>-</u>	<u>-</u>	<u>449,149</u>
<b>Total liabilities</b>	<b><u>230,204</u></b>	<b><u>1,027,233</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,257,437</u></b>
<b>Deferred inflows of resources</b>					
Differences between expected and actual experience	42,500	15,893	-	-	58,393
Net difference between projected and actual earnings on pension plan investments	<u>73,941</u>	<u>27,649</u>	<u>-</u>	<u>-</u>	<u>101,590</u>
<b>Total deferred inflows of resources</b>	<u>116,441</u>	<u>43,542</u>	<u>-</u>	<u>-</u>	<u>159,983</u>
<b>Net Position</b>					
Net investment in capital assets	238,290	524,782	-	-	763,072
Unrestricted	<u>2,680,506</u>	<u>(806,901)</u>	<u>184,649</u>	<u>150,048</u>	<u>2,208,302</u>
<b>Total net position</b>	<b><u>\$ 2,918,796</u></b>	<b><u>\$ (282,119)</u></b>	<b><u>\$ 184,649</u></b>	<b><u>\$ 150,048</u></b>	<b><u>\$ 2,971,374</u></b>

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

	<b>NONMAJOR</b>				
	<b>Refuse Collection Fund</b>	<b>Landfill Fund</b>	<b>Paris Housing Corporation Fund</b>	<b>USDA Revolving Loan Fund</b>	<b>Total</b>
<b>Operating revenues</b>					
Sales of services:					
Charges for services	\$ 1,390,357	\$ 130,190	\$ -	\$ -	\$ 1,520,547
Other operating revenues:					
Promissory note	-	-	1,737	-	1,737
County share of operating expense	-	60,000	-	-	60,000
Total operating revenues	<u>1,390,357</u>	<u>190,190</u>	<u>1,737</u>	<u>-</u>	<u>1,582,284</u>
<b>Operating expenses</b>					
Operation:					
Salaries - regular	296,085	92,765	-	-	388,850
Salaries - overtime	1,901	6,960	-	-	8,861
OASI	20,825	7,252	-	-	28,077
Health & life insurance	62,760	34,592	-	-	97,352
Retirement	1,548	604	-	-	2,152
Worker's compensation	22,722	6,290	-	-	29,012
Automobile licenses & titles	18	-	-	-	18
Printing, stationery, etc.	-	1,007	-	-	1,007
Electric	-	2,693	-	-	2,693
Water	-	526	-	-	526
Telephone	-	1,517	-	-	1,517
Medical services	304	-	-	-	304
Administrative	-	15,171	-	-	15,171
Sundry contractual services	-	6,927	-	-	6,927
Office supplies	863	646	-	-	1,509
Agricultural supplies	-	580	-	-	580
Food & ice	1,043	-	-	-	1,043
Household & janitorial supplies	186	370	-	-	556
Clothing & uniforms	1,653	435	-	-	2,088
Other operating supplies	3,785	659	-	-	4,444
Gas, oil, diesel fuel	40,345	14,013	-	-	54,358
Building insurance	-	1,492	-	-	1,492
Vehicle insurance	5,637	147	-	-	5,784
Liability insurance	4,603	194	-	-	4,797
Other costs	-	-	1,464	-	1,464
Disposal cost	<u>459,155</u>	<u>3,802</u>	<u>-</u>	<u>-</u>	<u>462,957</u>
Total operation	<u>923,433</u>	<u>198,642</u>	<u>1,464</u>	<u>-</u>	<u>1,123,539</u>

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**NONMAJOR PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

	<b>NONMAJOR</b>				
	<b>Refuse Collection Fund</b>	<b>Landfill Fund</b>	<b>Paris Housing Corporation Fund</b>	<b>USDA Revolving Loan Fund</b>	<b>Total</b>
<b>Operating expenses</b>					
Maintenance:					
Repair & maint - motor vehicle	2,272	-	-	-	2,272
Repair & maint - mach & equip	2,334	3,496	-	-	5,830
Repair & maint - buildings	-	108	-	-	108
Repair & maint - plumb, heat, elec	-	168	-	-	168
Repair & maint - roads & streets	-	9,568	-	-	9,568
Annual maintenance fee - state	-	5,834	-	-	5,834
Motor vehicle parts	9,739	-	-	-	9,739
Machinery & equipment	4,780	1,965	-	-	6,745
Tires, tubes, etc.	15,549	775	-	-	16,324
Small tools	-	74	-	-	74
Closure of Class I	-	2,193	-	-	2,193
General purpose equipment	-	555	-	-	555
Total maintenance	<u>34,674</u>	<u>24,736</u>	<u>-</u>	<u>-</u>	<u>59,410</u>
Depreciation	<u>94,147</u>	<u>89,338</u>	<u>-</u>	<u>-</u>	<u>183,485</u>
Total operating expenses	<u>1,052,254</u>	<u>312,716</u>	<u>1,464</u>	<u>-</u>	<u>1,366,434</u>
Operating income (loss)	<u>338,103</u>	<u>(122,526)</u>	<u>273</u>	<u>-</u>	<u>215,850</u>
<b>Nonoperating revenues (expenses)</b>					
Interest income	-	-	-	11	11
Interest expense	<u>(1,477)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,477)</u>
Total nonoperating revenue (expenses)	<u>(1,477)</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>(1,466)</u>
<b>Other financing sources (uses)</b>					
Transfer from other funds	<u>-</u>	<u>-</u>	<u>115,900</u>	<u>-</u>	<u>115,900</u>
<b>Change in net position</b>	<b>336,626</b>	<b>(122,526)</b>	<b>116,173</b>	<b>11</b>	<b>330,284</b>
Total net position - beginning	2,755,570	(95,494)	68,476	150,037	2,878,589
Prior period adjustment	(13,024)	(4,128)	-	-	(17,152)
Restatement - GASB 68 and 71 implementation	<u>(160,376)</u>	<u>(59,971)</u>	<u>-</u>	<u>-</u>	<u>(220,347)</u>
Total net position - beginning (as restated)	<u>2,582,170</u>	<u>(159,593)</u>	<u>68,476</u>	<u>150,037</u>	<u>2,641,090</u>
Total net position - ending	<u>\$ 2,918,796</u>	<u>\$ (282,119)</u>	<u>\$ 184,649</u>	<u>\$ 150,048</u>	<u>\$ 2,971,374</u>

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
For the Year Ended June 30, 2015

	<b>NONMAJOR</b>				
	<b>Refuse Collection Fund</b>	<b>Landfill Fund</b>	<b>Paris Housing Corporation Fund</b>	<b>USDA Revolving Loan Fund</b>	<b>Total</b>
<b>Cash flows from operating activities</b>					
Cash received from consumers	\$ 1,389,646	\$ 193,361	\$ 1,737	\$ -	\$ 1,584,744
Cash paid to suppliers of goods and services	(525,448)	(75,928)	(1,464)	-	(602,840)
Cash paid to employees for services	(450,360)	(163,177)	-	-	(613,537)
Repayment of interfund liabilities	(18,576)	46,951	-	-	28,375
Net cash provided (used) by operating activities	<u>395,262</u>	<u>1,207</u>	<u>273</u>	<u>-</u>	<u>396,742</u>
<b>Cash flows from capital and related financing activities</b>					
Construction and acquisition of plant	(205,287)	(1,207)	-	-	(206,494)
Proceeds from issuance of debt	96,957	-	-	-	96,957
Principal paid on long term debt	(42,132)	-	-	-	(42,132)
Interest paid on long term debt	(1,477)	-	-	-	(1,477)
Net cash provided (used) by capital and related financing activities	<u>(151,939)</u>	<u>(1,207)</u>	<u>-</u>	<u>-</u>	<u>(153,146)</u>
<b>Cash flows from noncapital financing activities</b>					
Transfers from other funds	-	-	115,900	-	115,900
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>115,900</u>	<u>-</u>	<u>115,900</u>
<b>Cash flows from investing activities</b>					
Collection on notes receivable	-	-	869	20,880	21,749
Issuance of notes receivable	-	-	(1,737)	(30,000)	(31,737)
Interest received	-	-	-	11	11
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>	<u>(868)</u>	<u>(9,109)</u>	<u>(9,977)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>243,323</b>	<b>-</b>	<b>115,305</b>	<b>(9,109)</b>	<b>349,519</b>
Cash and cash equivalents - beginning of year	<u>1,852,872</u>	<u>-</u>	<u>86</u>	<u>36,870</u>	<u>1,889,828</u>
Cash and cash equivalents - end of year	<u>\$ 2,096,195</u>	<u>\$ -</u>	<u>\$ 115,391</u>	<u>\$ 27,761</u>	<u>\$ 2,239,347</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ 338,103	\$ (122,526)	\$ 273	\$ -	\$ 215,850
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation expense	94,147	89,338	-	-	183,485
Change in pension related deferred outflows and inflows of resources	82,637	32,092	-	-	114,729
Change in closure/postclosure liability	-	2,193	-	-	2,193
(Increase) decrease in accounts receivable	(711)	3,171	-	-	2,460
(Increase) decrease in due from other funds	(18,576)	28,375	-	-	9,799
Increase (decrease) in due to other funds	-	18,576	-	-	18,576
Increase (decrease) in accounts payable and accrued expenses	13,794	(7,333)	-	-	6,461
Increase (decrease) in net pension liability	(114,132)	(42,679)	-	-	(156,811)
Net cash provided (used) by operating activities	<u>\$ 395,262</u>	<u>\$ 1,207</u>	<u>\$ 273</u>	<u>\$ -</u>	<u>\$ 396,742</u>

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF INVESTMENTS**  
June 30, 2015

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Value</u>	<u>Amortized Cost</u>	<u>Fair Value</u>
<b>Business fund types</b>					
Investment in other company	N/A	N/A	N/A	\$ 20	\$ 33,334
<b>Fiduciary fund types</b>					
Trust and agency funds:					
Certificate of deposit	2/11/2016	0.30%	N/A	54,976	54,976
Certificate of deposit	11/26/2015	0.05%	N/A	127,859	127,859
Deferred compensation fund:					
PEBSO - Deferred compensation contracts	Various	Various	N/A	1,108,795	1,108,795
<b>Total fiduciary fund types</b>				<u>1,291,630</u>	<u>1,291,630</u>
<b>Total investments</b>				<u><b>\$ 1,291,650</b></u>	<u><b>\$ 1,324,964</b></u>

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
For the Year Ended June 30, 2015

<b>Tax Levy For Year</b>	<b>Tax Rate</b>	<b>Tax Levy</b>	<b>Beginning Outstanding Taxes</b>	<b>Additions and Adjustments</b>	<b>Collections</b>	<b>Ending Outstanding Taxes</b>	<b>Outstanding Taxes Filed With Chancery Court</b>
2014	0.73	1,293,576	-	1,299,253	1,254,762	44,491	\$ -
2013	0.65	1,141,313	48,190	2,610	35,359	15,441	17,437
2012	0.65	1,134,881	18,498	1,044	10,783	8,759	10,099
2011	0.65	1,126,448	14,749	1,526	8,943	7,332	8,990
2010	0.73	1,263,129	10,797	1,021	3,575	8,243	6,305
2009	0.73	1,118,110	6,925	2,235	2,934	6,226	3,808
2008	0.73	1,127,389	6,077	1,652	1,887	5,842	3,698
2007	0.73	1,114,526	3,340	521	609	3,252	2,610
2006	0.73	1,109,885	1,621	18,669	165	20,125	1,404
2005	0.76	1,131,448	1,014	3,121	47	4,088	959
2004	0.76	1,073,328	690	1,791	-	2,481	665
			<u>\$ 111,901</u>	<u>\$ 1,333,443</u>	<u>\$ 1,319,064</u>	<u>\$ 126,280</u>	<u>\$ 55,975</u>

Above balances represented as follows:

Considered current receivables	\$ 8,658
Allowance for uncollectible accounts	37,415
Unavailable revenue	80,207

Estimated 2015 levy due October 1, 2015 considered as unearned revenue	<u>1,169,808</u>
Total taxes receivable	<u>\$ 1,296,088</u>

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE  
BOARD OF PUBLIC UTILITIES  
ELECTRIC RATES IN FORCE  
June 30, 2015**

**Residential Rate Schedule**

Customer Charge	per delivery point per month	\$ 13.00
Energy Charges	per kWh	0.09037

**General Power Rate Schedule - GSA**

**GSA-1 (.5 kW)**

Customer Charge	per delivery point per month	\$ 15.50
Energy Charges	per kWh	0.10017

**GSA-2 (.51-1000 kW)**

Customer Charge	per delivery point per month	25.00
Demand Charge	per kW per month - First 50 kW	No charge
	per kW per month - 51 kW - 1,000 kW	11.63
Energy Charges	per kWh - First 15,000 kWh	0.10202
	Additional kWh	0.06362

**GSA-2 (1000-5000 kW)**

Customer Charge	per delivery point per month	200.00
Demand Charge	per kW per month - First 1000 kW	10.97
	per kW per month - 1001 kW - 5000 kW	11.10
Energy Charge	per kWh	0.06728

**General Power Rate Schedule - GSB (5,001-15,000 kW)**

Customer Charge	per delivery point per month	\$ 1,500.00
Demand Charge	per kW per month	15.52
Excess Demand		15.52
Energy Charge	per kWh	0.03598
	First 620 hours use of demand additional kWh	0.02838

**General Power Rate Schedule - GSC (15,001-25,000 kW)**

Customer Charge	per delivery point per month	\$ 1,500.00
Demand Charge	per kW per month	14.89
Excess Demand		14.89
Energy Charge	per kWh	0.03563
	First 620 hours use of demand additional kWh	0.02803

Note: The Utility does not serve any customers that use either GSB or GSC rates, so they have chosen to omit the rates from the above schedule.

**Number of Customers:**

Residential	15,388
Small Commercial	5,204
Large Commercial	302
Other	176
Total	<u>21,070</u>

*See independent auditor's report.*



**CITY OF PARIS, TENNESSEE  
BOARD OF PUBLIC UTILITIES  
WATER RATES IN FORCE  
June 30, 2015**

<b>Water Usage</b>	<b>Water</b>	
	<b>Residential</b>	<b>Non-Residential</b>
First 2,000 gallons	\$ 11.45 (Minimum Bill)	\$ 17.18 (Minimum Bill)
Next 3,000 gallons	2.36 per 1,000 gallons	3.54 per 1,000 gallons
Next 6,000 - 200,000 gallons	2.14 per 1,000 gallons	3.21 per 1,000 gallons
Over 200,000 gallons	1.83 per 1,000 gallons	2.75 per 1,000 gallons

All users or customers residing outside of the corporate limits of the City of Paris shall be charged an additional fifty (50%) of the commodity charge.

	<b>Water</b>	
	<b>Residential</b>	<b>Non-Residential</b>
Minimum monthly bill:		
5/8" meter	\$ 11.45	\$ 17.18
1" meter	20.67	31.01
1 1/2" meter	42.07	63.11
2" meter	67.75	101.63
<b>Number of customers</b>	<b>5,161</b>	

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE  
BOARD OF PUBLIC UTILITIES  
SEWER RATES IN FORCE  
June 30, 2015**

<b>Water Usage</b>	<b>Sewer</b>			
	<b>Residential</b>		<b>Non-Residential</b>	
	<b>Inside City</b>	<b>Outside City</b>	<b>Inside City</b>	<b>Outside City</b>
Less than 1,000 gallons (minimum bill)	\$ 13.60	\$ 20.40	\$ 14.40	\$ 21.60
1,000 gallons	15.15	22.73	15.95	23.93
2,000 gallons	16.06	24.09	16.86	25.29
Next 3,000 gallons (per 1,000 gallons)	3.38	5.07	3.53	5.30
Next 20,000 gallons (per 1,000 gallons)	3.08	4.62	3.23	4.85
Over 25,000 gallons (per 1,000 gallons)	2.78	4.17	2.88	4.32

All users or customers residing outside of the corporate limits of the City of Paris are charged an additional 50% of the sewer bill.

Any customer issued an industrial pretreatment discharge permit shall be charged an additional \$500.00 per month.

	<b>Sewer</b>			
	<b>Residential</b>		<b>Non-Residential</b>	
	<b>Inside City</b>	<b>Outside City</b>	<b>Inside City</b>	<b>Outside City</b>
Minimum monthly bill:				
5/8" meter	\$ 13.60	\$ 20.40	\$ 14.40	\$ 21.60
1" meter (Based on 5,000 gallons)	26.20	39.30	27.45	41.18
1 1/2" meter (Based on 15,000 gallons)	57.00	85.50	59.75	89.63
2" meter (Based on 25,000 gallons)	87.80	131.70	92.05	138.08

	<b>Surcharge</b>	
Biochemical Oxygen Demand (BOD) over 250mg/l	\$ 0.26	per pound
Suspended Solids over 300mg/l	0.18	per pound
Ammonia Nitrogen over 15mg/l	1.14	per pound

**Number of customers** 4,412

*See independent auditor's report.*

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS**  
**GENERAL OBLIGATION DEBT**  
June 30, 2015

Year Ended June 30,	TMBF Bonds		TMBF Bonds		Promissory Note with BPU		Capital Outlay Notes				Total Requirements		
	Series 2012		Series 2015				TML Fixed Rate Notes Dated 8/27/03		TML Variable Rate Notes Dated 11/24/98				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	* Interest	Principal	Interest	Total
2016	98,000	9,806	37,995	3,621	137,500	-	48,000	1,068	205,000	2,395	526,495	16,890	543,385
2017	99,000	8,649	45,594	3,173	137,500	-	-	-	216,000	1,841	498,094	13,663	511,757
2018	101,000	7,481	45,594	2,635	137,500	-	-	-	227,000	1,258	511,094	11,374	522,468
2019	103,000	6,289	45,594	2,097	137,500	-	-	-	239,000	645	525,094	9,031	534,125
2020	105,000	5,074	132,080	1,559	137,500	-	-	-	-	-	374,580	6,633	381,213
2021	107,000	3,835	-	-	137,500	-	-	-	-	-	244,500	3,835	248,335
2022	108,000	2,572	-	-	137,500	-	-	-	-	-	245,500	2,572	248,072
2023	110,000	1,298	-	-	22,917	-	-	-	-	-	132,917	1,298	134,215
2024	98,740	-	-	-	-	-	-	-	-	-	98,740	-	98,740
2025	-	-	-	-	-	-	-	-	-	-	-	-	-
	\$ 929,740	\$ 45,004	\$ 306,857	\$ 13,085	\$ 985,416	\$ -	\$ 48,000	\$ 1,068	\$ 887,000	\$ 6,139	\$ 3,157,014	\$ 65,296	\$ 3,222,310

\* These are variable rate notes. Interest is reflected at the rates in effect at June 30, 2015 which was 0.27%.

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS - PROPRIETARY**  
June 30, 2015

Year Ended							Series 2004		Series 2008		Series 2013			
	2008		2009		2013		Electric System		Electric System		Electric System			
	Rural Development Loan		Rural Development Loan		Rural Development Loan		Revenue Bonds Dated November 1, 2004		Revenue Refunding and Improvement Bonds Dated June 11, 2008		Revenue Improvement Bonds Dated August 9, 2013		Water 2011 Capital Outlay-Foundation	
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	92,508	-	75,000	-	92,508	-	365,000	57,578	240,000	86,375	300,000	249,016	44,375	12,117
2017	92,508	-	75,000	-	92,508	-	380,000	44,438	250,000	77,975	305,000	243,016	45,262	10,113
2018	53,899	-	75,000	-	92,508	-	395,000	30,188	260,000	68,600	315,000	236,916	46,150	8,611
2019	-	-	-	-	92,508	-	410,000	15,375	270,000	58,200	320,000	230,616	47,037	7,079
2020	-	-	-	-	92,508	-	-	-	280,000	47,400	325,000	224,216	47,925	5,533
2021	-	-	-	-	92,508	-	-	-	290,000	36,200	330,000	217,716	47,925	3,941
2022	-	-	-	-	92,508	-	-	-	300,000	24,600	340,000	207,816	48,812	2,351
2023	-	-	-	-	15,354	-	-	-	315,000	12,600	350,000	197,616	48,569	633
2024	-	-	-	-	-	-	-	-	-	-	365,000	187,116	-	-
2025	-	-	-	-	-	-	-	-	-	-	375,000	176,166	-	-
2026	-	-	-	-	-	-	-	-	-	-	385,000	164,448	-	-
2027	-	-	-	-	-	-	-	-	-	-	400,000	151,358	-	-
2028	-	-	-	-	-	-	-	-	-	-	410,000	137,358	-	-
2029	-	-	-	-	-	-	-	-	-	-	430,000	120,958	-	-
2030	-	-	-	-	-	-	-	-	-	-	445,000	103,758	-	-
2031	-	-	-	-	-	-	-	-	-	-	465,000	85,513	-	-
2032	-	-	-	-	-	-	-	-	-	-	485,000	66,331	-	-
2033	-	-	-	-	-	-	-	-	-	-	505,000	45,719	-	-
2034	-	-	-	-	-	-	-	-	-	-	525,000	23,625	-	-
2035	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 238,915</u>	<u>\$ -</u>	<u>\$ 225,000</u>	<u>\$ -</u>	<u>\$ 662,910</u>	<u>\$ -</u>	<u>\$ 1,550,000</u>	<u>\$ 147,579</u>	<u>\$ 2,205,000</u>	<u>\$ 411,950</u>	<u>\$ 7,375,000</u>	<u>\$ 3,069,278</u>	<u>\$ 376,055</u>	<u>\$ 50,378</u>

	Water 2011 Capital Outlay-SBTC		Wastewater 2011 Capital Outlay-Foundation		Wastewater 2011 Capital Outlay-SBTC		Water 2013 Capital Outlay		TMBF Bonds Series 2015		Totals		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Totals
2016	44,375	12,118	80,625	21,131	80,625	21,132	75,000	19,173	12,005	1,144	1,502,021	479,784	1,981,805
2017	45,263	10,114	82,237	18,398	82,238	18,398	75,000	17,306	14,406	1,002	1,539,422	440,760	1,980,182
2018	46,150	8,611	83,850	15,668	83,850	15,668	75,000	15,438	14,406	832	1,540,813	400,532	1,941,345
2019	47,038	7,079	85,462	12,885	85,463	12,885	75,000	13,571	14,406	662	1,446,914	358,352	1,805,266
2020	47,925	5,533	87,075	10,076	87,075	10,076	75,000	11,703	41,734	492	1,084,242	315,029	1,399,271
2021	47,925	3,942	87,075	7,184	87,075	7,185	75,000	9,836	-	-	1,057,508	286,004	1,343,512
2022	48,813	2,352	88,687	4,295	88,688	4,296	80,000	7,968	-	-	1,087,508	253,678	1,341,186
2023	48,776	634	88,934	1,170	88,621	1,170	80,000	5,976	-	-	1,035,254	219,799	1,255,053
2024	-	-	-	-	-	-	80,000	3,984	-	-	445,000	191,100	636,100
2025	-	-	-	-	-	-	80,000	1,991	-	-	455,000	178,157	633,157
2026	-	-	-	-	-	-	-	-	-	-	385,000	164,448	549,448
2027	-	-	-	-	-	-	-	-	-	-	400,000	151,358	551,358
2028	-	-	-	-	-	-	-	-	-	-	410,000	137,358	547,358
2029	-	-	-	-	-	-	-	-	-	-	430,000	120,958	550,958
2030	-	-	-	-	-	-	-	-	-	-	445,000	103,758	548,758
2031	-	-	-	-	-	-	-	-	-	-	465,000	85,513	550,513
2032	-	-	-	-	-	-	-	-	-	-	485,000	66,331	551,331
2033	-	-	-	-	-	-	-	-	-	-	505,000	45,719	550,719
2034	-	-	-	-	-	-	-	-	-	-	525,000	23,625	548,625
2035	-	-	-	-	-	-	-	-	-	-	-	-	-
	<u>\$ 376,265</u>	<u>\$ 50,383</u>	<u>\$ 683,945</u>	<u>\$ 90,807</u>	<u>\$ 683,635</u>	<u>\$ 90,810</u>	<u>\$ 770,000</u>	<u>\$ 106,946</u>	<u>\$ 96,957</u>	<u>\$ 4,132</u>	<u>\$ 15,243,682</u>	<u>\$ 4,022,263</u>	<u>\$ 19,265,945</u>

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED**  
 June 30, 2015

AWWA Free Water Audit Software: Reporting Worksheet																																																							
		WAS v6.0 <small>AWWA Free Water Audit Software is a copyrighted program of AWWA. All rights reserved.</small>																																																					
<input type="button" value="Click to access definition"/> <input type="button" value="Click to add a comment"/>		Water Audit Report for: <b>Paris Board of Public Utilities (0000536)</b> Reporting Year: <b>2015</b> 7/2014 - 6/2015																																																					
Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (a/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades.																																																							
<b>All volumes to be entered as: MILLION GALLONS (US) PER YEAR</b>																																																							
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p><b>WATER SUPPLIED</b></p> <p>To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below</p> <p style="text-align: center;">----- Enter grading in column 'E' and 'J' -----&gt;</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Volume from own sources:</td> <td style="text-align: center;">a/a</td> <td style="text-align: center;">8</td> <td style="text-align: right;">712.690</td> <td>MG/Yr</td> </tr> <tr> <td>Water imported:</td> <td style="text-align: center;">a/a</td> <td style="text-align: center;">10</td> <td style="text-align: right;">0.000</td> <td>MG/Yr</td> </tr> <tr> <td>Water exported:</td> <td style="text-align: center;">a/a</td> <td style="text-align: center;">8</td> <td style="text-align: right;">111.259</td> <td>MG/Yr</td> </tr> <tr> <td colspan="3"><b>WATER SUPPLIED:</b></td> <td style="text-align: right; background-color: yellow;"><b>573.175</b></td> <td>MG/Yr</td> </tr> </table> </div> <div style="width: 35%;"> <p><b>Master Meter and Supply Error Adjustments</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Pcnt:</td> <td style="text-align: center;">2</td> <td style="text-align: right;">3.50%</td> <td>Value:</td> <td></td> <td>MG/Yr</td> </tr> <tr> <td></td> <td style="text-align: center;">7</td> <td style="text-align: right;">-3.60%</td> <td></td> <td></td> <td>MG/Yr</td> </tr> </table> <p>Enter negative % or value for under-registration                      Enter positive % or value for over-registration</p> </div> </div>										Volume from own sources:	a/a	8	712.690	MG/Yr	Water imported:	a/a	10	0.000	MG/Yr	Water exported:	a/a	8	111.259	MG/Yr	<b>WATER SUPPLIED:</b>			<b>573.175</b>	MG/Yr	Pcnt:	2	3.50%	Value:		MG/Yr		7	-3.60%			MG/Yr														
Volume from own sources:	a/a	8	712.690	MG/Yr																																																			
Water imported:	a/a	10	0.000	MG/Yr																																																			
Water exported:	a/a	8	111.259	MG/Yr																																																			
<b>WATER SUPPLIED:</b>			<b>573.175</b>	MG/Yr																																																			
Pcnt:	2	3.50%	Value:		MG/Yr																																																		
	7	-3.60%			MG/Yr																																																		
<div style="display: flex; justify-content: space-between;"> <div style="width: 60%;"> <p><b>AUTHORIZED CONSUMPTION</b></p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Billed metered:</td> <td style="text-align: center;">a/a</td> <td style="text-align: center;">9</td> <td style="text-align: right;">427.804</td> <td>MG/Yr</td> </tr> <tr> <td>Billed unmetered:</td> <td style="text-align: center;">a/a</td> <td style="text-align: center;">10</td> <td style="text-align: right;">0.054</td> <td>MG/Yr</td> </tr> <tr> <td>Unbilled metered:</td> <td style="text-align: center;">a/a</td> <td style="text-align: center;">7</td> <td style="text-align: right;">13.997</td> <td>MG/Yr</td> </tr> <tr> <td>Unbilled unmetered:</td> <td style="text-align: center;">a/a</td> <td style="text-align: center;">8</td> <td style="text-align: right;">13.997</td> <td>MG/Yr</td> </tr> <tr> <td colspan="3">Unbilled Unmetered volume entered is greater than the recommended default value</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="3"><b>AUTHORIZED CONSUMPTION:</b></td> <td style="text-align: right; background-color: yellow;"><b>441.855</b></td> <td>MG/Yr</td> </tr> </table> </div> <div style="width: 35%;"> <p><b>Click here:</b> </p> <p>Use buttons to select percentage of water supplied Or value</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>Pcnt:</td> <td style="text-align: center;">0.25%</td> <td>Value:</td> <td style="text-align: right;">13.997</td> <td>MG/Yr</td> </tr> <tr> <td></td> <td style="text-align: center;">4.00%</td> <td></td> <td></td> <td>MG/Yr</td> </tr> <tr> <td></td> <td style="text-align: center;">0.25%</td> <td></td> <td></td> <td>MG/Yr</td> </tr> </table> </div> </div>										Billed metered:	a/a	9	427.804	MG/Yr	Billed unmetered:	a/a	10	0.054	MG/Yr	Unbilled metered:	a/a	7	13.997	MG/Yr	Unbilled unmetered:	a/a	8	13.997	MG/Yr	Unbilled Unmetered volume entered is greater than the recommended default value						<b>AUTHORIZED CONSUMPTION:</b>			<b>441.855</b>	MG/Yr	Pcnt:	0.25%	Value:	13.997	MG/Yr		4.00%			MG/Yr		0.25%			MG/Yr
Billed metered:	a/a	9	427.804	MG/Yr																																																			
Billed unmetered:	a/a	10	0.054	MG/Yr																																																			
Unbilled metered:	a/a	7	13.997	MG/Yr																																																			
Unbilled unmetered:	a/a	8	13.997	MG/Yr																																																			
Unbilled Unmetered volume entered is greater than the recommended default value																																																							
<b>AUTHORIZED CONSUMPTION:</b>			<b>441.855</b>	MG/Yr																																																			
Pcnt:	0.25%	Value:	13.997	MG/Yr																																																			
	4.00%			MG/Yr																																																			
	0.25%			MG/Yr																																																			
<p><b>WATER LOSSES (Water Supplied - Authorized Consumption)</b>    <b>131.320</b> MG/Yr</p> <p><b>Apparent Losses</b></p> <p>Unauthorized consumption: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>1.433</b> MG/Yr</p> <p>Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed</p> <p>Customer metering inaccuracies: <span style="text-align: center;">a/a</span> <span style="text-align: center;">9</span> <span style="text-align: center;">7</span>    <b>17.825</b> MG/Yr</p> <p>Systematic data handling errors: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>1.070</b> MG/Yr</p> <p>Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed</p> <p><b>Apparent Losses:</b> <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>20.328</b> MG/Yr</p>																																																							
<p><b>Real Losses (Current Annual Real Losses or CARR)</b></p> <p>Real Losses = Water Losses - Apparent Losses: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>110.993</b> MG/Yr</p> <p><b>WATER LOSSES:</b>    <b>131.320</b> MG/Yr</p>																																																							
<p><b>NON-REVENUE WATER</b></p> <p><b>NON-REVENUE WATER:</b> <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>145.317</b> MG/Yr</p> <p>= Water Losses + Unbilled Metered + Unbilled Unmetered</p>																																																							
<p><b>SYSTEM DATA</b></p> <p>Length of mains: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span> <span style="text-align: center;">9</span>    <b>134.6</b> miles</p> <p>Number of active AND inactive service connections: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span> <span style="text-align: center;">6</span>    <b>6,324</b></p> <p>Service connection density: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>47</b> conn./mile main</p> <p>Are customer meters typically located at the curbstop or property line? <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>Yes</b>    (length of service line, beyond the property boundary, that is the responsibility of the utility)</p> <p>Average length of customer service line: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span>    <b>65.0</b> psi</p> <p>Average operating pressure: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span> <span style="text-align: center;">2</span>    <b>65.0</b> psi</p>																																																							
<p><b>COST DATA</b></p> <p>Total annual cost of operating water system: <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span> <span style="text-align: center;">10</span>    <b>\$1,947,267</b> \$/Year</p> <p>Customer retail unit cost (applied to Apparent Losses): <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span> <span style="text-align: center;">8</span>    <b>\$5.55</b> \$/1000 gallons (US)</p> <p>Variable production cost (applied to Real Losses): <span style="text-align: center;">a/a</span> <span style="text-align: center;">7</span> <span style="text-align: center;">5</span>    <b>\$455.00</b> \$/Million gallons    <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses</p>																																																							
<p><b>WATER AUDIT DATA VALIDITY SCORE:</b></p> <div style="border: 2px solid red; padding: 5px; text-align: center; color: red;"> <b>*** YOUR SCORE IS: 77 out of 100 ***</b> </div> <p>A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score</p>																																																							
<p><b>PRIORITY AREAS FOR ATTENTION:</b></p> <p>Based on the information provided, audit accuracy can be improved by addressing the following components:</p> <div style="border: 1px solid red; padding: 2px; margin-bottom: 2px;">1: Volume from own sources</div> <div style="border: 1px solid red; padding: 2px; margin-bottom: 2px;">2: Variable production cost (applied to Real Losses)</div> <div style="border: 1px solid red; padding: 2px;">3: Unauthorized consumption</div>																																																							

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED**  
June 30, 2015

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association Copyright © 2014. All Rights Reserved.
Water Audit Report for: <span style="border: 1px solid black; padding: 2px;">Paris Board of Public Utilities (0000536)</span> Reporting Year: <span style="border: 1px solid black; padding: 2px;">2015</span> <span style="border: 1px solid black; padding: 2px;">7/2014 - 6/2015</span>		
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 77 out of 100 ***		
<b>System Attributes:</b>		
	Apparent Losses:	20.328 MG/Yr
+	Real Losses:	110.993 MG/Yr
=	<b>Water Losses:</b>	<b>131.320 MG/Yr</b>
<span style="background-color: #e0e0ff; padding: 2px;">7</span>	Unavoidable Annual Real Losses (UARL):	39.78 MG/Yr
	Annual cost of Apparent Losses:	\$112,818
	Annual cost of Real Losses:	\$50,502
		Valued at <b>Variable Production Cost</b>
		Return to Reporting Worksheet to change this assumption
<b>Performance Indicators:</b>		
<b>Financial:</b>	Non-revenue water as percent by volume of Water Supplied:	25.4%
	Non-revenue water as percent by cost of operating system:	8.7% Real Losses valued at Variable Production Cost
<b>Operational Efficiency:</b>	Apparent Losses per service connection per day:	8.81 gallons/connection/day
	Real Losses per service connection per day:	48.09 gallons/connection/day
	Real Losses per length of main per day*:	N/A
	Real Losses per service connection per day per psi pressure:	0.74 gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	110.99 million gallons/year
<span style="background-color: #e0e0ff; padding: 2px;">7</span>	Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.79
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline		

See independent auditor's report.

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
For the Year Ended June 30, 2015

Federal Grantor/ Pass-Through Grantor	CFDA #	Contract #	Expenditures
<b>Federal Awards:</b>			
U.S. Department of Transportation/ Tennessee Department of Transportation Highway Safety Grant	20.607	Z15GHS063	3,854
Highway Safety Grant	20.607	Z14GHS270	5,000
			<u>8,854</u>
U.S. Department of Housing and Urban Development/ TN Department of Economic and Community Development Community Development Block Grants	14.228	GG - 33004-18814	<u>407,160</u>
U.S. Department of Homeland Security Federal Emergency Management Agency Passed through Department of Military/ Tennessee Emergency Management Agency Public Assistance	97.036	FEMA-4189-DR-TN	<u>9,625</u>
<b>Total Federal Awards</b>			<b>\$ <u>425,639</u></b>
<b>State Financial Assistance:</b>			
Department of Military Tennessee Emergency Management Agency Public Assistance		FEMA-4189-DR-TN	<u>849</u>
<b>Total State Financial Assistance</b>			<b>\$ <u>849</u></b>

All expenditures reported are under the modified accrual basis of accounting whereby expenditures are recorded when the related liability is incurred.

Note: The Schedule of Expenditures of Federal Awards and State Financial Assistance for the Paris Board of Public Utility was presented in their separately issued audit report and, therefore, are not included here.

*See independent auditor's report.*

## **INTERNAL CONTROL AND COMPLIANCE SECTION**



**Members of:**

American Institute of Certified Public Accountants  
AICPA Center for Public Company Audit Firms  
AICPA Governmental Audit Quality Center  
AICPA Employee Benefit Plan Audit Quality Center  
Tennessee Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants



Certified Public Accountants  
**Offices in Tennessee & Kentucky**

227 Oil Well Rd.  
Jackson, TN 38305

Phone 731.427.8571  
Fax 731.424.5701  
[www.atacpa.net](http://www.atacpa.net)

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

Honorable Carlton Gerrell, Mayor  
Members of the City Commission  
City of Paris, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Paris, Tennessee (the City), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 18, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an

opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Alexander Thompson Arnold PLLC".

Jackson, Tennessee  
December 18, 2015

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS – CURRENT YEAR**  
June 30, 2015

There are no findings to report in the current year.

**CITY OF PARIS, TENNESSEE**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS - PRIOR YEAR**  
June 30, 2015

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2014-001	Failure to Close Work Orders to Plant in a Timely Manner	Corrected
2014-002	Uncollateralized Funds	Corrected